



0000028195

S-142

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**Transcript Exhibit(s)**

W-01452A-05-0082

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### DISPOSITION OF ORIGINAL EXHIBITS

#### HAND DELIVERED

September 7, 2005

Mr. Marc E. Stern  
Administrative Law Judge  
ACC – HEARING DIVISION  
1200 West Washington, 1<sup>st</sup> Floor  
Phoenix, AZ 85007

Case: Cave Creek Water  
Number: W-01452A-05-0082  
Date: August 23, 2005

Dear ALJ Stern:

With copy of this letter, original Exhibits Nos. A-10 and A-11 are being returned to the Applicant. They were not moved for admission during the hearing either by design or by oversight.

Please let us know if you have any questions or if we may be of any further assistance.

Very truly yours,

Marta T. Hetzer  
Administrator/Owner

Enclosure

Copy to: **Docket Control**  
Staff  
Cave Creek Water Company

**COPY FOR YOUR  
INFORMATION**

S-1

MEMORANDUM

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LEGAL

2005 JUN 10 P 12:13

AZ CORP COMMISSION  
DOCUMENT CONTROL

TO: Docket Control  
FROM: Ernest G. Johnson  
Director  
Utilities Division

DATE: June 10, 2005

RE: STAFF REPORT FOR CAVE CREEK WATER COMPANY APPLICATION  
FOR AN EXTENSION OF ITS CERTIFICATE OF CONVENIENCE AND  
NECESSITY FOR WATER SERVICES. DOCKET NO. W-01452A-05-0082

Attached is the Staff Report for the above referenced application. Staff recommends approval of the application subject to several conditions.

EGJ:LAJ:red

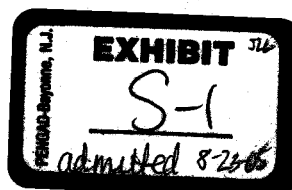
Originator: Linda Jaress

Attachment: Original and Thirteen Copies

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JUN 10 2005

LEGAL DIV.  
ARIZ. CORPORATION COMMISSION



Service List for: Cave Creek Water Company  
Docket No. W-01452A-05-0082

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Ms. Lyn Farmer  
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STAFF REPORT  
UTILITIES DIVISION  
ARIZONA CORPORATION COMMISSION

CAVE CREEK WATER COMPANY

DOCKET NO. W-01452A-05-0082

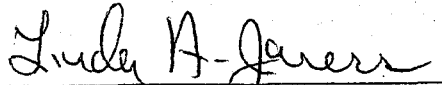
APPLICATION FOR AN EXTENSION OF ITS CC&N  
TO PROVIDE WATER SERVICE IN MARICOPA COUNTY, ARIZONA

June 2005

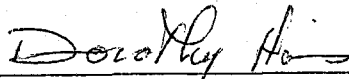
## STAFF ACKNOWLEDGEMENT

The Staff Report for Cave Creek Water Company (Docket No. W-01452A-05-0082) was the responsibility of the Staff members listed below. Linda Jaress was responsible for the review and analyses of the Company's application. Dorothy Hains was responsible for the engineering and technical analysis.

Contributing Staff:



Linda A. Jaress  
Executive Consultant III



Dorothy Hains  
Utilities Engineer

**EXECUTIVE SUMMARY  
CAVE CREEK WATER COMPANY  
DOCKET NO. W-01452A-05-0082**

Cave Creek Water Company ("Cave Creek" of "Company") is seeking to extend its Certificate of Convenience and Necessity ("CC&N") to include an area of approximately 30 acres to serve a new development that will be divided into nine residential lots. Cave Creek currently provides water service to 2,333 customers within the Town of Cave Creek located in northeast Maricopa County. Cave Creek is operating under rates that were approved in 1986 and applies a Central Arizona Project Water Development Tariff which was instituted in 1985. A portion of Cave Creek's water treatment plant is owned by Pacer Equities, its affiliate. Both companies were acquired by Global Water Resources, L.L.C. on March 3, 2005.

The Town of Cave Creek has intervened in this case to protect its interests. The Town intends to acquire Cave Creek Water Company through a condemnation action.

The Company has adequate production and storage to serve approximately 500 additional customers. The extension facilities will be comprised of 910 feet of six-inch water line costing between \$20,000 and \$50,000. Cave Creek will finance the required facilities primarily with Advances in Aid of Construction from the developer. Construction of the extension is expected within six months of approval by the Town of the property's final plat.

Staff concludes that under certain conditions the requested extension of the Cave Creek's CC&N is in the public interest and should be approved. Staff recommends approval under the following conditions:

1. Cave Creek must charge its existing rates and charges in the proposed extension area.
2. Cave Creek must file a rate case by May 31, 2006, using a 2005 test year.
3. Cave Creek must file with the Commission's Docket Control as a compliance item within this docket by December 31, 2005, a copy of the ADEQ "Approval to Construct" for the Company's final arsenic treatment plan.
4. Cave Creek must file a copy of the developer's Certificate of Adequate Water Supply, stating that there is adequate water supply, where applicable or when required by statute, with the Commission's Docket Control as a compliance item in this docket within one year of the effective date of the final decision issued regarding this application.
5. Cave Creek must forward its main extension agreement with Windy City to Staff for review consistent with A.A.C. R14-2-406 within one year of the effective date of the final decision issued regarding this application.
6. Cave Creek must file a curtailment tariff as soon as possible, but no later than forty-five (45) days after the effective date of the final Decision and Order in this matter.

Staff further recommends that the decision become effective on the first day of the month following the Company's filing of Maricopa County Environmental Services Department ("MCDES") documents that demonstrate full compliance with the Commission's Docket Control as a compliance item in this docket.

Staff further recommends that the Commission's Decision granting this extension of Cave Creek's CC&N be considered null and void without further order from the Commission should Cave Creek fail to meet conditions 2, 3, 4, and 5 within the time specified.



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## **Introduction**

On February 9, 2005, Cave Creek Water Company ("Cave Creek" or "Company"), a certificated Arizona public service company, filed an application with the Arizona Corporation Commission ("ACC" or "Commission") requesting approval to extend its existing Certificate of Convenience and Necessity, ("CC&N") to include additional property in Maricopa County, Arizona.

Cave Creek provides water service within the Town of Cave Creek located in northeast Maricopa County. The extension includes an area of approximately 30 acres located adjacent to the southern portion of the current CC&N. The plotted area using the legal description provided with the application is attached as Exhibit 1.

## **Intervention**

On April 26, 2005, the Town of Cave Creek ("the Town") filed an application to intervene in this case, citing the expectation that the Town will "acquire and take possession of" the Company through a condemnation case filed on April 6, 2005, in Maricopa County Superior Court. The Administrative Law Judge issued a Procedural Order on May 9, 2005, granting the Town intervention.

## **Background**

Cave Creek received its initial CC&N in Decision No. 28958, dated May 24, 1955. The CC&N has been subsequently amended numerous times to include additional territory. According to Cave Creek's 2004 Annual Report to the Commission, the Company serves approximately 2,333 customers. The Company also reported revenues of \$1.8 million and net income of \$19,848. Cave Creek's current rates and charges were established in Decision No. 55269, dated October 30, 1986.

Approximately twenty years ago, in Decision No. 54396, dated March 4, 1985, the Commission approved Cave Creek's Tariff No. 8, the Central Arizona Project Water Development Tariff, which requires owners of new subdivisions seeking water service from Cave Creek to pay their pro rata share of certain Central Arizona Project ("CAP") costs. The tariff is less than straight forward, was the focus of a law suit (since settled) and was based upon cost estimates and circumstances in existence in 1985. Since then, the Commission has modified its policies related to CAP and has adopted more appropriate CAP tariffs that should be considered for Cave Creek.

Cave Creek indicated that it does not own all the property being used for public service. A portion of the water treatment plant, including a building, filter, backwash ponds and drying beds are owned by Pacer Equities ("Pacer"), an affiliate of Cave Creek.

On March 3, 2005, both Cave Creek and Pacer were acquired by Global Water Resources, LLC, ("Global") in a stock purchase. The Commission has previously reviewed Global during the acquisition of Palo Verde Utilities and Santa Cruz Water Company. Global has been described as founded to aggregate and consolidate small and medium size water and wastewater utilities in the Southwestern United States. Global has expressed its intention to operate Pacer and Cave Creek as one entity.

Staff believes that due to the vintage of the Cave Creek CAP tariff and its general rates and charges and because costs may have changed significantly under new ownership, the Commission should order Cave Creek to file a general rate case on or before May 31, 2006, using a 2005 test year. A rate case will provide Staff and the Commission the opportunity to review in detail the CAP tariff, the revenues and expenditures from the CAP tariff, the financial impact of new ownership, transactions with Pacer and the general level of rates and charges.

### **The Extension Request**

Cave Creek is seeking to extend its CC&N to include an area of approximately 30 acres located adjacent to the southern portion of the current CC&N. Cave Creek provides water service within the Town of Cave Creek located in northeast Maricopa County.

The application requested the extension to serve 30 acres owned by BDG60 L.L.C. which planned a housing development consisting of nine residential lots. In the application, Cave Creek supplied a letter from a member of BDG60 L.L.C. requesting that his land be included in Cave Creek's CC&N area. On April 18, 2005, a letter was filed with Docket Control indicating that the ownership of the property which is the subject of this extension was sold by BDG60 L.L.C. to Windy City Group, L.L.C. ("Windy City") and that the new owner requested that Cave Creek continue to pursue approval of the extension. The letter relates that Windy City will provide Cave Creek easements, pay all costs of the water-related facilities pursuant to a line extension agreement and pay all applicable fees and charges approved by the ACC.

### **Water Production Capacity**

The Cave Creek water system consists of a surface water treatment plant that can treat 2 million gallons per day of CAP water, 780 million gallons of storage capacity, wells capable of producing 860 gallons per minute and a distribution system serving approximately 2,300 customers. The CAP water is the Company's main source supply while the wells are used as backup supply. The Company has adequate production and storage to serve approximately 500 additional customers. A further description of the water system and the extension is contained in the Engineering Report attached as Exhibit 2.

### **Finance of Facilities**

Cave Creek will finance the required facilities primarily with Advances in Aid of Construction from Windy City. Advances in aid of construction are often in the form of main extension agreements. Main extension agreements generally require the developer to be responsible for the design, construction and installation of all facilities to provide adequate service to the development. The developer is required to pay all costs of constructing the required facilities necessary to serve the development. Upon acceptance of the facilities by the utility the developer may convey the water facilities by way of a warranty deed or bill of sale. The utility will often refund ten (10) percent of the annual water revenue associated with development for a period of ten (10) years.

A main extension agreement has not been finalized between the parties, once the parties have finalized an Agreement, Staff recommends the agreement be forwarded to Staff for review consistent with Arizona Administrative Code R14-2-406.

### **The Extension Facilities**

The Company intends to extend service from its existing water main arterial under Carefree Drive within the Town. Windy City will extend the existing 6-inch water line on Carefree Drive for 910 feet to its property to provide service to its 9 lots. The cost of the extension is expected to be between \$20,000 and \$50,000. Construction of the extension is expected within six months of approval by the Town of the property's final plat.

### **Maricopa County Environmental Services Department ("MCDES") Compliance**

MCDES regulates the water system under the Public Water System I.D. No. 07-016. According to an MCDES inspection report dated January 28, 2005, Cave Creek's water treatment plant is not in compliance with drinking water requirements because several upgrades have been made to the plant without MCDES' approval. However, MCDES has also determined that Cave Creek is currently delivering water that meets water quality standards required by Arizona Administrative Code, Title 18, and Chapter 4.

### **Arsenic**

The U.S. Environmental Protection Agency ("EPA") has reduced the arsenic maximum contaminant level ("MCL") in drinking water from 50 micrograms per liter (" $\mu\text{g/l}$ ") to 10  $\mu\text{g/l}$ . The date for compliance with the new MCL is January 23rd, 2006.

The most recent lab analysis provided by the Company indicates that six out of Cave Creek's eight wells exceed the new arsenic standard. The Company is proposing to use blending to reduce the arsenic concentration in its well water to meet the new arsenic standard. In its January 28, 2005 Annual O&M Inspection Report, MCDES reported that the Company's full-scale well water arsenic removal pilot testing was in progress. Staff recommends that the

Company file with the Commission's Docket Control as a compliance item under this docket number a copy of the Arizona Department of Environmental Quality ("ADEQ") Approval to Construct for the Company's final arsenic treatment plan by December 31, 2005.

### **Curtailment Plan Tariff**

A curtailment tariff is an effective tool for managing resources during periods of water shortages whether from equipment breakdowns or events of nature. The Company does not have a curtailment tariff. Staff recommends that the Company file a curtailment tariff as soon as possible, but no later than forty-five (45) days after the effective date of the final Decision and Order in this matter. The tariff shall be filed with Docket Control as a compliance item under this docket number for Staff's review and certification.

Staff further recommends that the curtailment tariff shall generally conform to the sample tariff found on the Commission's web site at [www.cc.state.az.us](http://www.cc.state.az.us). Staff recognizes that the Company may need to make minor modifications according to their specific management, operational, and design requirements as necessary and appropriate.

### **ACC Compliance**

The Utilities Division Compliance Section reported no outstanding compliance issues for the Company.

### **Proposed Rates**

Cave Creek will charge its current, approved rates to the new customers in the extension area.

### **County Franchise**

Cave Creek has been authorized the necessary Maricopa County franchise for the extension area.

### **Conclusions and Recommendations**

Staff concludes that under certain conditions the requested extension of the Cave Creek's CC&N is in the public interest and should be approved. Staff recommends approval under the following conditions:

1. Cave Creek must charge its existing rates and charges in the proposed extension area.
2. Cave Creek must file a rate case by May 31, 2006, using a 2005 test year.

3. Cave Creek must file with the Commission's Docket Control as a compliance item within this docket by December 31, 2005, a copy of the ADEQ Approval to Construct for the Company's final arsenic treatment plan.
4. Cave Creek must file a copy of the developer's Certificate of Assured Water Supply, stating that there is adequate water supply, where applicable or when required by statute, with the Commission's Docket Control as a compliance item in this docket within one year of the effective date of the final decision issued regarding this application.
5. Cave Creek must forward its main extension agreement with Windy City to Staff for review consistent with A.A.C. R14-2-406 within one year of the effective date of the final decision issued regarding this application.
6. Cave Creek must docket a curtailment tariff as soon as possible, but no later than forty-five (45) days after the effective date of the final Decision and Order in this matter. The tariff shall generally conform to the sample tariff found on the Commission's web site at [www.cc.state.az.us](http://www.cc.state.az.us). Staff recognizes that the Company may need to make minor modifications according to their specific management, operational, and design requirements as necessary and appropriate.

Staff further recommends that the decision become effective on the first day of the month following the Company's filing of MCDES documents that demonstrate full compliance with the Commission's Docket Control as a compliance item in this docket.

Staff further recommends that the Commission's Decision granting this extension of Cave Creek's CC&N be considered null and void without further order from the Commission should Cave Creek fail to meet conditions 2, 3, 4, and 5 within the time specified.

**MEMORANDUM**

TO: Jim Fisher  
Executive Consultant II  
Utilities Division

FROM: Barb Wells *bw*  
Information Technology Specialist  
Utilities Division

THRU: Del Smith *DS*  
Engineering Supervisor  
Utilities Division

DATE: February 16, 2005

RE: **CAVE CREEK WATER COMPANY (DOCKET NO. W-01452A-05-0082)**

The area requested by Cave Creek for an extension has been plotted with no complications using the legal description provided with the application (a copy of which is attached).

Also attached is a copy of the map for your files.

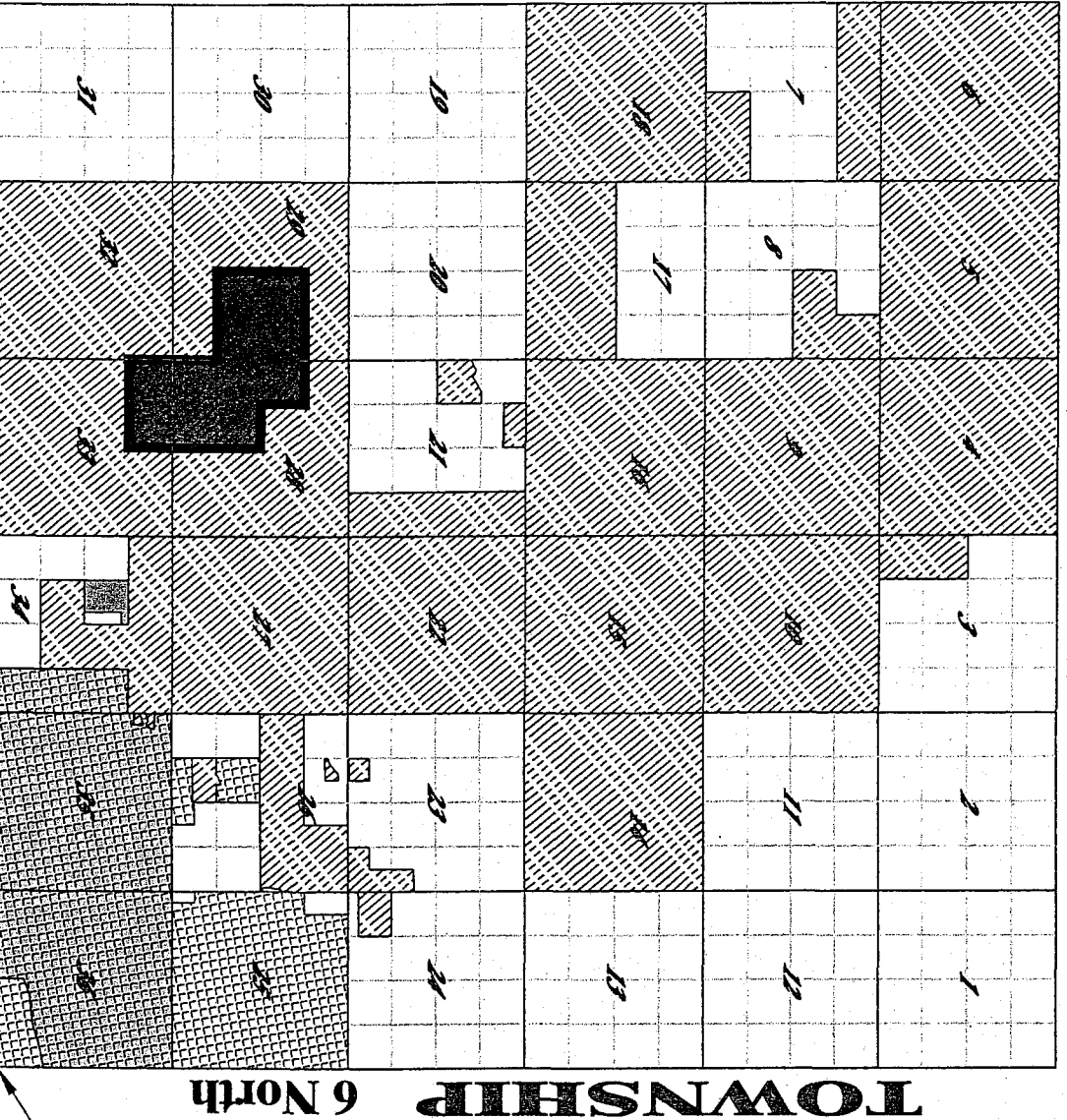
:bsw

Attachments

cc: Docket Control  
Mr. Jay George  
Ms. Deb Person (Hand Carried)  
File

# COUNTY OF Maricopa

## RANGE 4 East



W-1452 (4)  
Cave Creek Water Company

C-0016 (1)  
Town of Cave Creek (Sewer Only)

SW-2361 (2)  
Black Mountain Sewer Corporation

C-0023 (3)  
Town of Carefree (Nonjurisdictional)

Cave Creek Water Company  
Docket No. W-1452-05-082  
Application for Extension

City of Scottsdale  
(South 40 Feet of Section 36)



## EXHIBIT A

### LEGAL DESCRIPTION

The Southeast quarter of the Northwest quarter of Section 34, Township 6 North, Range 4 East of the Gila and Salt River Base and Meridian, Maricopa County, Arizona EXCEPTING therefrom the following described parcel:

BEGINNING at the 2 inch diameter brass cap that is stamped center of Section 34, Township 6 North, Range 4 East, L.S. 1681, said point being also the Southeast corner of the Southeast quarter of the Northwest quarter of Section 34;

thence South 89 degrees 07 minutes 56 seconds West, 362.49 feet along the south line of said Southeast quarter of the Northwest quarter to an iron pipe tagged L.S. 1681 set for the Southwest corner of the herein described parcel of land;

thence North 00 degrees 42 minutes 47 seconds West, 1107.69 feet parallel with the East line of said Southwest quarter of the Northwest quarter to an iron pipe tagged L.S. 1681 set for the Northwest corner of the herein described parcel of land;

thence North 89 degrees 07 minutes 56 seconds East, 362.49 feet parallel with the South line of said Southeast quarter of the Northwest quarter to an iron pipe tagged L.S. 1681 set for the Northeast corner of the herein described parcel of land at a point that is on the East line of said Southeast quarter of the Northwest quarter and from which point the Northeast corner of said Southeast quarter of the Northwest quarter bears North 00 degrees 42 minutes 47 seconds West, 205.77 feet;

thence from said Northeast quarter of the herein described parcel of land South 00 degrees 42 minutes 47 seconds East, 1107.69 feet along the east line of said Southeast corner of the Northwest quarter to said 2 inch diameter brass cap that is Southeast corner of the herein described parcel of land and the POINT OF BEGINNING.

EXCEPT from all the above, all the coal and other minerals as reserved in Patent from the United States of America.

## MEMORANDUM

DATE March 23, 2005

TO: James E. Fisher

FROM: Dorothy Hains *DH*

RE: **Cave Creek Water Co.  
Application for an Extension of its Certificated Convenience &  
Necessity to Provide Water Service  
Docket No. W-01452A-05-0082**

---

### I. Introduction

Cave Creek Water Co. ("Cave Creek" or "Company") has applied to extend its Certificated Convenience & Necessity ("CC&N") to provide water service in an area south of the Town of Cave Creek, north of the City of Phoenix, in Maricopa County. The requested service area that is a nine lot subdivision known as the Carefree Views Subdivision is adjacent to the Company's existing service area and is located in the northwest quarter of Section 34 in Township 6 North, Range 4 East. The requested service area which is 900 feet away from an existing Company main along Carefree Drive, would add less than one quarter of a square mile to the Company's approximately nineteen square miles of existing service area.

### II. System Analysis

Cave Creek Water Co. consists of a surface water treatment plant that can treat 2 million gallons per day ("MGD") of Central Arizona Project ("CAP") water, 780 million gallons of storage capacity, wells capable of producing 860 gallons per minute ("GPM") and a distribution system serving approximately 2,300 customers. The CAP water is the Company's main source supply; the wells are used as backup supply. The Company has adequate production and storage to serve approximately 500 additional customers. The application states only nine new connections are expected to be served within the requested area.

### **III. Maricopa County Environmental Services Department ("MCDES") Compliance**

MCDES regulates the Cave Creek water systems under the Public Water System ID No. 07-016. MCDES reported that the system is currently delivering water that meets water quality standards required by Arizona Administrative Code, Title 18, Chapter 4. However, MCDES also reported that the system has minor monitoring and reporting deficiencies.<sup>1</sup> Staff recommends that any decision approving the subject extension not become effective until Cave Creek demonstrates it has addressed any monitoring and reporting deficiencies and is in full compliance with MCDES requirements. Staff further recommends that this decision become effective on the first day of the month following the Company's filing with the Commission's Docket Control as a compliance item under the same docket number MCDES documents that demonstrate full compliance.

### **IV. Arizona Department of Water Resources ("ADWR") Compliance**

The Company is located in Phoenix Active Management Area, as designated by ADWR. Cave Creek is in compliance with ADWR's reporting and conservation rules (GPCD requirements).

### **VI. Arizona Corporation Commission ("ACC")**

A check with the Utilities Division Compliance Unit showed no outstanding compliance issues.

### **VII. Others Issues**

#### **A. Arsenic**

The U.S. Environmental Protection Agency ("EPA") has reduced the arsenic maximum contaminant level ("MCL") in drinking water from 50 micrograms per liter ("µg/l") or parts per billion ("ppb") to 10 µg/l. The date for compliance with the new MCL is January 23, 2006. The latest lab test results show six out of eight wells exceed the new arsenic standard. The results are in the range of 12 µg/l and 92 µg/l. The Company is proposing to use blending to reduce the arsenic concentration in its well water so it meets the new arsenic standard. In its January 28, 2005 Annual O&M Inspection Report, MCDES reported that the Company's full-scale well water arsenic removal pilot testing was in progress. Staff recommends that the Company file with the Commission's Docket Control as a

---

<sup>1</sup> In January 28, 2005 Annual O&M Inspection Report, MCDES states that Cave Creek Water Co. Water Treatment Plant is not in compliance with drinking water requirements because several upgrades have been made to plant without MCDES approval.

compliance item under the same docket number a copy of the ADEQ "Approval to Construct" for the Company's final arsenic treatment plan by December 31, 2005.

## **B. Curtailment Tariff**

A curtailment tariff is an effective tool to allow a water company to manage its resources during periods of shortages due to pump breakdowns, droughts, or other unforeseeable events. Since the Company does not have a curtailment tariff, this application provides an opportune time to prepare and file such a tariff. Staff recommends that the Company file a curtailment tariff as soon as possible, but no later than forty-five (45) days after the effective date of the final Decision and Order in this matter. The tariff shall be filed with Docket Control as a compliance item under this same docket number for Staff's review and certification.

Staff further recommends that the tariff shall generally conform to the sample tariff found on the Commission's web site at [www.cc.state.az.us](http://www.cc.state.az.us). Staff recognizes that the Company may need to make minor modifications according to their specific management, operational, and design requirements as necessary and appropriate.

## **Summary**

### **I. Conclusions**

1. Staff concludes that the proposed water system will have adequate production and storage capacity to serve the proposed area within a conventional five year planning period.
2. Cave Creek is in compliance with ADWR's reporting and conservation rules (GPCD requirements).
3. The Company's plant additions and estimated costs to serve the requested area appear reasonable and appropriate.
4. A check with the Utilities Division Compliance Unit showed no outstanding compliance issues.

### **II. Recommendations**

1. Staff recommends that Cave Creek Water Company file with the Commission's Docket Control as a compliance item under the same docket number a copy of the ADEQ "Approval to Construct" for the Company's final arsenic treatment plan by December 31, 2005.

2. Staff recommends that Cave Creek Water Co. file with the Commission's Docket Control as a compliance item under the same docket number Commission a copy of the developers' Certificate of Adequate Water Supply, stating that there is adequate water supply, where applicable or when required by statute, within one year of the effective date of the final decision and order issued pursuant to this application.

3. Staff further recommends that this decision become effective on the first day of the month following the Company's filing with the Commission's Docket Control as a compliance item under the same docket number MCDES documents that demonstrate full compliance.

4. Staff recommends that the Company file a curtailment tariff as soon as possible, but no later than forty-five (45) days after the effective date of the final Decision and Order in this matter. Staff further recommends that the tariff shall generally conform to the sample tariff found on the Commission's web site at [www.cc.state.az.us](http://www.cc.state.az.us). Staff recognizes that the Company may need to make minor modifications according to their specific management, operational, and design requirements as necessary and appropriate.

S-2

MEMORANDUM

RECEIVED

JUL 21 2005

LEGAL DIV.  
ARIZ CORPORATION COMMISSION

TO: Docket Control

FROM: Ernest G. Johnson  
Director  
Utilities Division

DATE: July 20, 2005

W-01452A-04-0810  
W-01452A-05-0082

LEGAL

RE: STAFF REPORT FOR CAVE CREEK WATER COMPANY APPLICATION  
FOR AN EXTENSION OF ITS' CERTIFICATE OF CONVENIENCE AND  
NECESSITY FOR WATER SERVICES. DOCKET NO. W-01452A-04-0810

Attached is the Staff Report for the above referenced application. Staff recommends approval of the application subject to several conditions.

EGJ:LAJ:red

Originator: Linda Jaress

Attachment: Original and Thirteen Copies

CAVECREEK0810



Service List for: Cave Creek Water Company  
Docket No. W-01452A-04-0810

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Mr. Christopher C. Kempley  
Chief, Legal Division  
Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, Arizona 85007

Mr. Ernest G. Johnson  
Director, Utilities Division  
Arizona Corporation Commission  
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Phoenix, Arizona 85007

Ms. Lyn Farmer  
Chief, Hearing Division  
Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, Arizona 85007

STAFF REPORT  
UTILITIES DIVISION  
ARIZONA CORPORATION COMMISSION

CAVE CREEK WATER COMPANY

DOCKET NO. W-01452A-04-0810

APPLICATION FOR AN EXTENSION OF ITS CC&N  
TO PROVIDE WATER SERVICE IN MARICOPA COUNTY, ARIZONA

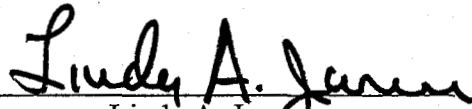
July 2005



## STAFF ACKNOWLEDGEMENT

The Staff Report for Cave Creek Water Company (Docket No. W-01452A-04-0810) was prepared by the Staff members listed below. Linda Jaress prepared the Staff Report. Dorothy Hains prepared the engineering report.

Contributing Staff:



Linda A. Jaress  
Executive Consultant II



Dorothy Hains  
Utilities Engineer

**EXECUTIVE SUMMARY**  
**CAVE CREEK WATER COMPANY**  
**DOCKET NO. W-01452A-04-0810**

Cave Creek Water Company ("Cave Creek" or "Company") is seeking to extend its CC&N to include an area of approximately 9.26 acres to serve a new development consisting of five residential homes. Cave Creek currently provides water service to 2,333 customers within the Town of Cave Creek located in northeast Maricopa County. Cave Creek is operating under rates that were approved in 1986 and applies a Central Arizona Project Water Development Tariff which was instituted in 1985. A portion of Cave Creek's water treatment plant is owned by Pacer Equities, its affiliate. Both companies were acquired by Global Water Resources, L.L.C. on March 3, 2005.

The Town of Cave Creek ("the Town") has intervened in this case to protect its interests. The Town intended to acquire Cave Creek Water Company through condemnation action but is currently in the process of negotiating a purchase price with the Company.

The Company has adequate production and storage to serve approximately 500 additional customers, significantly more than the 9 residential customers expected from the extension. The extension facilities will be comprised of 3,000 feet of 6-inch main and a booster pump station. The cost of these facilities is estimated to be \$61,000. Cave Creek will finance the required facilities primarily with Advances in Aid of Construction from the developer. Construction of the extension is expected within six months of approval by the Town of the property's final plat.

Staff concludes that under certain conditions the requested extension of the Cave Creek's Certificate of Convenience and Necessity ("CC&N") is in the public interest and should be approved. Staff recommends approval under the following conditions:

1. Cave Creek must charge its existing rates and charges in the proposed extension area.
2. Cave Creek must file a rate case by May 31, 2006.
3. Cave Creek must file with the Commission's Docket Control as a compliance item within this docket by December 31, 2005, a copy of the Arizona Department of Environmental Quality's ("ADEQ") "Approval to Construct" for the Company's final arsenic treatment plan.
4. Cave Creek must file a copy of the developer's Certificate of Adequate Water Supply, stating that there is adequate water supply, where applicable or when required by statute, with the Commission's Docket Control as a compliance item in this docket within one year of the effective date of the final decision issued regarding this application.
5. Cave Creek must file a curtailment tariff with Docket Control as soon as possible, but no later than forty-five (45) days after the effective date of the final Decision and Order in this matter.

Staff further recommends that the Commission's Decision granting this extension of Cave Creek's CC&N be considered null and void without further order from the Commission should Cave Creek fail to meet conditions 2, 3 and 4 within the time specified.

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## **Introduction**

On November 10, 2004, Cave Creek Water Company ("Cave Creek" or "Company"), a certificated Arizona public service company, filed an application with the Arizona Corporation Commission ("ACC" or "Commission") requesting approval to extend its existing Certificate of Convenience and Necessity, ("CC&N") to include additional property in Maricopa County, Arizona.

Cave Creek provides water service to 2,333 customers within the Town of Cave Creek ("the Town"), the Town of Carefree and unincorporated areas of Maricopa County. In addition, Cave Creek supplies bulk treated water to the Carefree Water Company and the Desert Hills Water Company. Cave Creek is seeking to extend its CC&N to include an area of approximately 9.26 acres to serve a new development adjacent to the Company's current service territory. The plotted area and legal description of the extension is attached as Exhibit 1.

## **The Town of Cave Creek**

On April 26, 2005, the Town filed an application to intervene in this case, citing the expectation that the Town would "acquire and take possession of" the Company through a condemnation case filed on April 6, 2005 in Maricopa County Superior Court. The Administrative Law Judge issued a Procedural Order on May 9, 2005 granting the Town intervention.

On June 21, 2005, the Town announced its intention to negotiate a purchase price rather than proceed with a lengthy and costly court proceeding. The length of the negotiations and their ultimate outcome are unknown. Therefore, the Company has not withdrawn this application and would like to proceed regardless of the status of the negotiations.

## **Background**

Cave Creek received its initial CC&N in Decision No. 28958, dated May 24, 1955. The CC&N has been subsequently amended numerous times to include additional territory. According to Cave Creek's 2004 Annual Report to the Commission, the Company serves approximately 2,333 customers. The Company also reported revenues of \$1.8 million and net income of \$19,848. Cave Creek's current rates and charges were established in Decision No. 55269, dated October 30, 1986.

Approximately twenty years ago, in Decision No. 54396, dated March 4, 1985, the Commission approved Cave Creek's Tariff No. 8, the Central Arizona Project Water Development Tariff, which requires owners of new subdivisions seeking water service from Cave Creek to pay their pro rata share of certain Central Arizona Project ("CAP") costs. The tariff is less than straight forward, was the focus of a law suit (since settled) and was based upon cost estimates and circumstances in existence in 1985. Since then, the Commission has adopted in other cases more appropriate CAP tariffs that should be considered for Cave Creek.

Cave Creek indicated that it does not own all the property being used for public service. A portion of the water treatment plant, including a building, filter, backwash ponds and drying beds are owned by Pacer Equities ("Pacer"), an affiliate of Cave Creek.

On March 3, 2005, both Cave Creek and Pacer were acquired by Global Water Resources, LLC, ("Global") in a stock purchase. The Commission has previously reviewed Global during the acquisition of Palo Verde Utilities and Santa Cruz Water Company. Global has been described as founded to aggregate and consolidate small and medium size water and wastewater utilities in the Southwestern United States. Global has expressed its intention to operate Pacer and Cave Creek as one entity.

Staff believes that due to the vintage of the Cave Creek CAP tariff and its general rates and charges, and because costs may have changed significantly under new ownership, the Commission should order Cave Creek to file a general rate case on or before May 30, 2006. A rate case will provide Staff and the Commission the opportunity to review in detail the CAP tariff, the revenues and expenditures from the CAP tariff, the financial impact of new ownership, transactions with Pacer and the general level of rates and charges.

### **The Extension Request**

Cave Creek is seeking to extend its CC&N to include an area of 9.26 acres located adjacent to the northeast portion of the current CC&N. Cave Creek provides water service within the Town of Cave Creek located in northeast Maricopa County.

The extension area is owned by Derald D. Ulmer dba Upper Black Mt. Estates. Who supplied a letter of request for service dated November 20, 2003. The project will be known as Black Mountain Vistas and will be comprised of 5 residential lots.

### **Water Production Capacity**

The Cave Creek water system consists of a surface water treatment plant that can treat 2 million gallons per day of CAP water, 695,000 gallons of storage capacity, wells capable of producing 860 gallons per minute and a distribution system serving approximately 2,300 customers. The CAP water is the Company's main source of supply, while the wells are used as backup supply. The Company has adequate production and storage to serve approximately 500 additional customers, significantly more than the residential customers expected in this development. A further description of the water system and the extension is contained in the Engineering Report attached as Exhibit 2.

### **Finance of Facilities**

Cave Creek will finance the required facilities with Advances in Aid of Construction from the developer. Advances in aid of construction are often in the form of main extension agreements. Main extension agreements generally require the developer to be responsible for the

design, construction and installation of all facilities to provide adequate service to the development. The developer is required to pay all costs of constructing the required facilities necessary to serve the development. Upon acceptance of the facilities by the utility the developer may convey the water facilities by way of a warranty deed or bill of sale. The utility will often refund ten (10) percent of the annual water revenue associated with development for a period of ten (10) years.

A main extension agreement has not been finalized between the parties, once the parties have finalized an Agreement Staff recommends the agreement be forwarded to Staff for review consistent with Arizona Administrative Code R14-2-406.

### **The Extension Facilities**

The extension facilities will be comprised of 3,000 feet of 6-inch main and a booster pump station. The cost of these facilities is estimated to be \$61,000.

### **Maricopa County Environmental Services Department ("MCDES") Compliance**

MCDES has determined that Cave Creek is currently delivering water that meets water quality standards required by Arizona Administrative Code, Title 18, and Chapter 4.

### **Arsenic**

The U.S. Environmental Protection Agency ("EPA") has reduced the arsenic maximum contaminant level ("MCL") in drinking water from 50 micrograms per liter (" $\mu\text{g/l}$ ") to 10  $\mu\text{g/l}$ . The date for compliance with the new MCL is January 23rd, 2006.

The most recent lab analysis provided by the Company indicates that six out of Cave Creek's eight wells exceed the new arsenic standard. The Company is proposing to use blending to reduce the arsenic concentration in its well water to meet the new arsenic standard. In its January 28, 2005 Annual O&M Inspection Report, MCDES reported that the Company's full-scale well water arsenic removal pilot testing was in progress. Staff recommends that the Company file with the Commission's Docket Control as a compliance item under this docket number a copy of the ADEQ or MCDES "Approval to Construct" for the Company's final arsenic treatment plan by December 31, 2005.

### **Curtailment Plan Tariff**

A curtailment tariff is an effective tool for managing resources during periods of water shortages whether from equipment breakdowns or events of nature. The Company does not have a curtailment tariff. Staff recommends that the Company file a curtailment tariff as soon as possible, but no later than forty-five (45) days after the effective date of the final Decision and Order in this matter. The tariff shall be filed with Docket Control as a compliance item under this docket number for Staff's review and certification.

Staff further recommends that the curtailment tariff shall generally conform to the sample tariff found on the Commission's web site at [www.cc.state.az.us](http://www.cc.state.az.us). Staff recognizes that the Company may need to make minor modifications according to their specific management, operational, and design requirements as necessary and appropriate.

### **ACC Compliance**

The Utilities Division Compliance Section reported no outstanding compliance issues for the Company.

### **Proposed Rates**

Cave Creek will charge its current, approved rates to the new customers in the extension area.

### **County Franchise**

Cave Creek has been authorized the necessary Maricopa County franchise for the extension area.

### **Conclusions and Recommendations**

Staff concludes that under certain conditions the requested extension of the Cave Creek's CC&N is in the public interest and should be approved. Staff recommends approval under the following conditions:

1. Cave Creek must charge its existing rates and charges in the proposed extension area.
2. Cave Creek must file a rate case by May 31, 2006.
3. Cave Creek must file with the Commission's Docket Control as a compliance item within this docket by December 31, 2005, a copy of the ADEQ or MCDES "Approval to Construct" for the Company's final arsenic treatment plan.
4. Cave Creek must file a copy of the developer's Certificate of Adequate Water Supply, stating that there is adequate water supply, where applicable or when required by statute, with the Commission's Docket Control as a compliance item in this docket within one year of the effective date of the final decision issued regarding this application.
5. Cave Creek must file a curtailment tariff as soon as possible, but no later than forty-five (45) days after the effective date of the final Decision and Order in this matter. The tariff shall generally conform to the sample tariff found on the Commission's web site at [www.cc.state.az.us](http://www.cc.state.az.us). Staff recognizes that the Company may need to make minor



modifications according to their specific management, operational, and design requirements as necessary and appropriate.

Staff further recommends that the Commission's Decision granting this extension of Cave Creek's CC&N be considered null and void without further order from the Commission should Cave Creek fail to meet conditions 2, 3 and 4 within the time specified.

# MEMORANDUM

TO: Jim Fisher  
Executive Consultant II  
Utilities Division

FROM: Barb Wells *bw*  
Information Technology Specialist  
Utilities Division

THRU: Del Smith *DS*  
Engineering Supervisor  
Utilities Division

DATE: December 3, 2004

RE: **CAVE CREEK WATER COMPANY (DOCKET NO. W-01452A-04-0810)**  
**AMENDED LEGAL DESCRIPTION**

The area requested by Cave Creek has been plotted using a revised legal description, which has been docketed. This legal description is attached and should be used in place of the original description submitted with the application.

Also attached is a copy of the map for your files along with an enlargement of the area. NOTE: a portion of the requested area has already been certificated to this company.

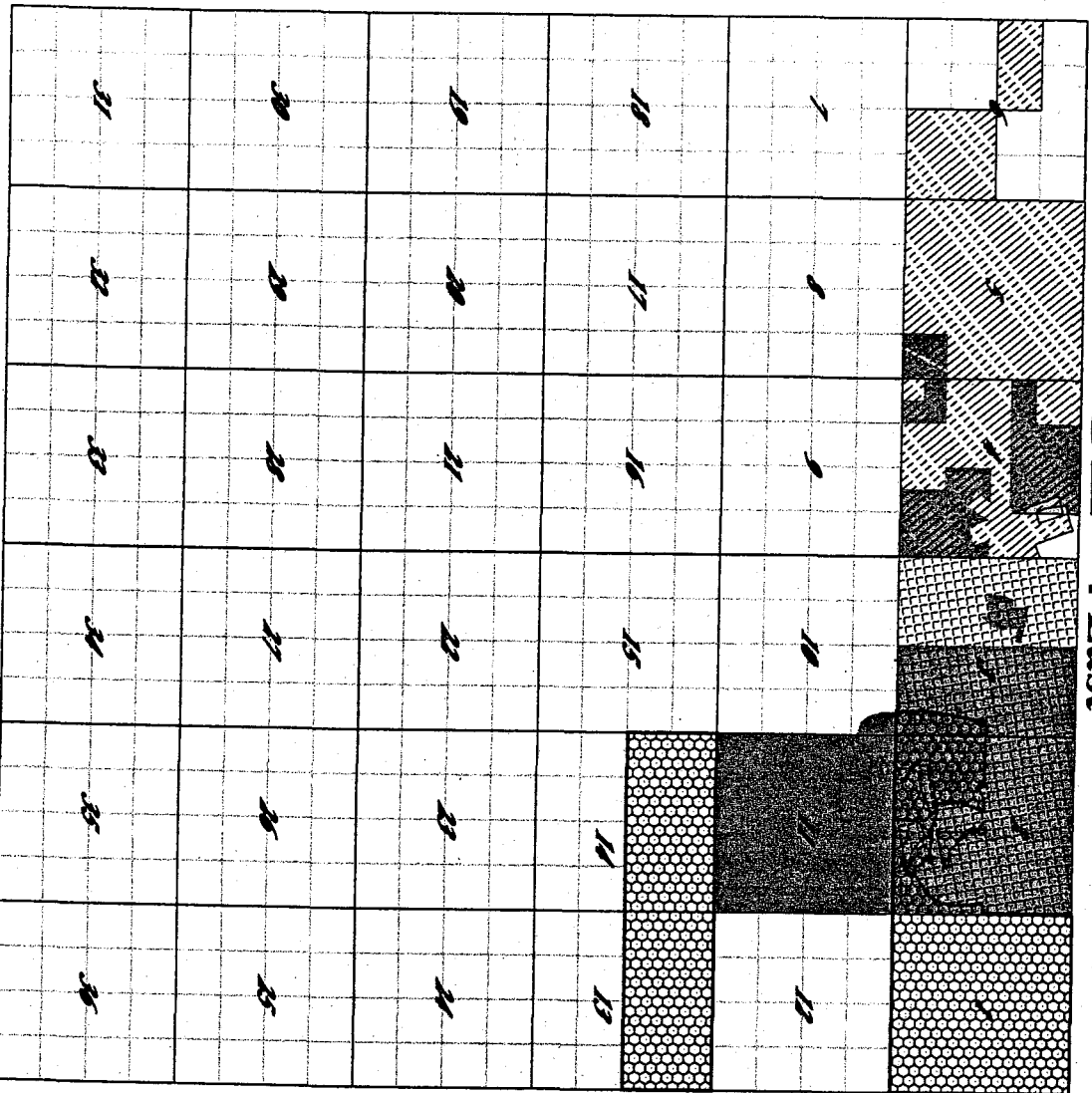
:bsw

Attachments

cc: Docket Control  
Ms. Kristin Magin  
Deb Person (Hand Carried)  
File

# COUNTY: Maricopa

## RANGE 4 East



## TOWNSHIP 5 North



W-1452 (4)

Cave Creek Water Company



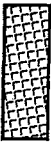
SW-2361 (2)

Black Mountain Sewer Corporation



C-0011 (5)

City of Scottsdale (Nonjurisdictional)



C-0023 (3)

Town of Carefree (Nonjurisdictional)



Cave Creek Water Company  
Docket No. W-1452-04-810  
Application for Extension

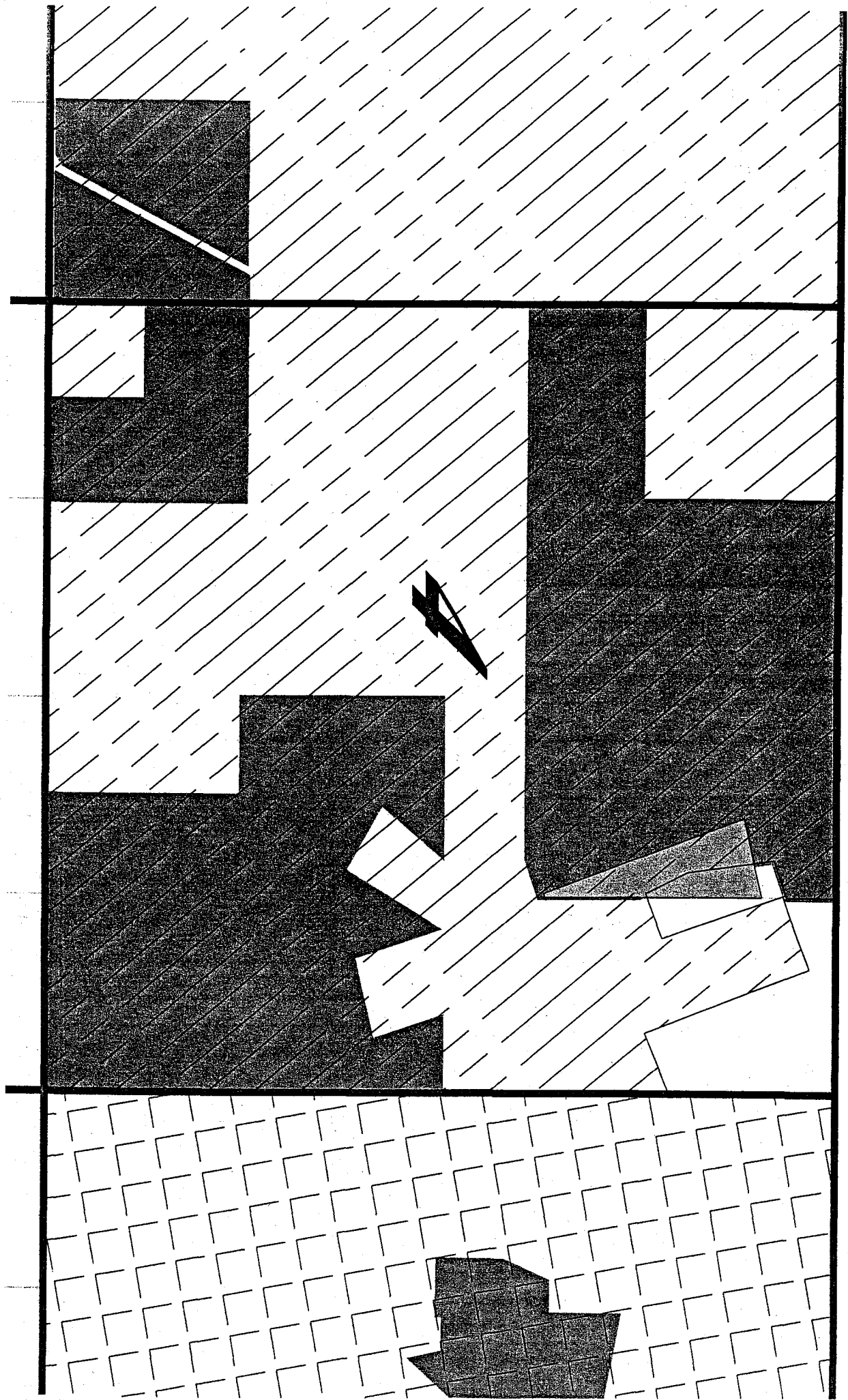


EXHIBIT A

**LEGAL DESCRIPTION**

THAT PART OF THE LITTLE HOPE MINING CLAIM IN THE NORTHWEST QUARTER OF THE NORTHEAST QUARTER AND IN THE SOUTHWEST QUARTER OF THE NORTHEAST QUARTER OF SECTION 4, TOWNSHIP 5 NORTH, RANGE 4 EAST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTHWEST CORNER OF THE NORTHEAST QUARTER OF THE NORTHEAST QUARTER OF SAID SECTION 4;

THENCE SOUTH 00 DEGREES 07 MINUTES 22 SECONDS EAST (RECORD SOUTH 00 DEGREES 07 MINUTES 48 SECONDS EAST) A DISTANCE OF 494.41 FEET (RECORD 494.48 FEET) TO THE TRUE POINT OF BEGINNING;

THENCE SOUTH 00 DEGREES 07 MINUTES 22 SECONDS EAST (RECORD SOUTH 00 DEGREES 07 MINUTES 48 SECONDS EAST) A DISTANCE OF 1454.39 FEET (RECORD 1454.42 FEET);

THENCE SOUTH 77 DEGREES 30 MINUTES 39 SECONDS WEST (RECORD SOUTH 77 DEGREES 30 MINUTES 35 SECONDS WEST) A DISTANCE OF 26.03 FEET;

THENCE NORTH 20 DEGREES 40 MINUTES 50 SECONDS WEST A DISTANCE OF 1435.12 FEET (RECORD 1435.15 FEET);

THENCE NORTH 77 DEGREES 29 MINUTES 46 SECONDS EAST (RECORD NORTH 77 DEGREES 32 MINUTES EAST) A DISTANCE OF 541.99 FEET TO THE TRUE POINT OF BEGINNING.

## MEMORANDUM

DATE July 18, 2005

TO: Linda Jaress

FROM: Dorothy Hains DH

RE: Cave Creek Water Co.  
Application for an Extension of its Certificated Convenience &  
Necessity to Provide Water Service  
Docket No. W-01452A-04-0810

---

### I. Introduction

Cave Creek Water Co. ("Cave Creek" or "Company") has applied to extend its Certificated Convenience & Necessity ("CC&N") to provide water service in an area south of the Town of Cave Creek, north of the City of Phoenix, in Maricopa County. The requested service area that is within the Black Mountain Vistas Subdivision is adjacent to the Company's existing service area and is located in the northeast quarter of Section 4 in Township 5 North, Range 3 East. The requested area would add approximately twenty acres to the Company's approximately nineteen square miles of existing service area.

### II. System Analysis

Cave Creek Water Co. consists of a surface water treatment plant that can treat 2 million ion gallons per day ("MGD") of CAP water, 695,000 gallons of storage capacity, well capable of producing 860 gallons per minute ("GPM") and a distribution system serving 2,292 customers. The CAP water is the Company's main source; the wells are used as backup supply. The Company has adequate production and storage to serve approximately 500 additional customers. The application states only five new connections are expected to be served within the requested area.

### III. Cost Analysis

Cave Creek Water Co. estimates that the cost of installing the proposed water system that includes 3,000 feet of 6-inch main and a 20-30 HP booster pump station would be \$61,000 which includes \$31,000 for installation of the main and \$30,000 for the booster pump station. Staff believes this estimated cost is reasonable.

#### **IV. Maricopa County Environmental Services Department ("MCDES") Compliance**

MCDES regulates the Cave Creek water systems under the Public Water System ID No. 07-016. MCDES reported that the system is currently delivering water that meets water quality standards required by Arizona Administrative Code, Title 18, Chapter 4.

#### **V. Arizona Department of Water Resources ("ADWR") Compliance**

The Company is located in Phoenix Active Management Area, as designated by ADWR. Cave Creek is in compliance with ADWR's reporting and conservation rules (GPCD requirements).

#### **VI. Arizona Corporation Commission (ACC)**

A check with the Utilities Division Compliance Unit showed no outstanding compliance issues.

#### **VII. Others Issues**

##### **A. Arsenic**

The U.S. Environmental Protection Agency ("EPA") has reduced the arsenic maximum contaminant level ("MCL") in drinking water from 50 micrograms per liter (" $\mu\text{g/l}$ ") or parts per billion ("ppb") to 10  $\mu\text{g/l}$ . The date for compliance with the new MCL is January 23, 2006. The latest lab test results show six out of eight wells exceed the new arsenic standard. The results are in the range of 12  $\mu\text{g/l}$  and 92  $\mu\text{g/l}$ . The Company states that a bending technique is proposed for treating the arsenic removal. In the January 28, 2005 Annual O&M Inspection Report, MCDES states that the Company's full-scale well water arsenic removal pilot testing was in progress. Staff recommends that the Company file with the Commission's Docket Control as a compliance item under the same docket number a copy of the ADEQ or MCDES "Approval to Construct" for the Company's final arsenic treatment plan by December 31, 2005.

##### **B. Curtailment Tariff**

A curtailment tariff is an effective tool to allow a water company to manage its resources during periods of shortages due to pump breakdowns, droughts, or other unforeseeable events. Since the Company does not have a curtailment tariff, this application provides an opportune time to prepare and file such a tariff. Staff recommends that the Company file a curtailment tariff as soon as possible, but no

later than forty-five (45) days after the effective date of the final Decision and Order in this matter. The tariff shall be filed with Docket Control as a compliance item under this same docket number for Staff's review and certification.

Staff further recommends that the tariff shall generally conform to the sample tariff found on the Commission's web site at [www.cc.state.az.us](http://www.cc.state.az.us). Staff recognizes that the Company may need to make minor modifications according to their specific management, operational, and design requirements as necessary and appropriate.

## **Summary**

### **I. Conclusions**

1. Staff concludes that the proposed water system will have adequate production and storage capacity to serve the proposed area within a conventional five year planning period.
2. Cave Creek is in compliance with ADWR's reporting and conservation rules (GPCD requirements).
2. The Company's plant additions and estimated costs to serve the requested area appear reasonable and appropriate.
3. A check with the Utilities Division Compliance Unit showed no outstanding compliance issues.

### **II. Recommendations**

1. Staff recommends that Cave Creek Water Company file with the Commission's Docket Control as a compliance item under the same docket number a copy of the ADEQ or MCDES "Approval to Construct" for the Company's final arsenic treatment plan by December 31, 2005.
2. Staff recommends that Cave Creek Water Co. file with the Commission's Docket Control as a compliance item under the same docket number Commission a copy of the developers' Certificate of Adequate Water Supply, stating that there is adequate water supply, where applicable or when required by statute, within one year of the effective date of the final decision and order issued pursuant to this application.
3. Staff recommends that the Company file a curtailment tariff as soon as possible, but no later than forty-five (45) days after the effective date of the final Decision and Order in this matter. Staff further recommends that the tariff shall generally conform to the sample tariff found on the Commission's web site at [www.cc.state.az.us](http://www.cc.state.az.us). Staff recognizes that the Company may need to make minor



modifications according to their specific management, operational, and design requirements as necessary and appropriate.

**NEW APPLICATION**  
**SALMON, LEWIS & WELDON, P.L.C.**

Attorneys at Law

**COPY**

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602-801-9062

November 10, 2004

*Of Counsel*  
Richard N. Morrison

*Writer's Internet Address*  
mbk@slwplc.com

Arizona Corporation Commission  
**DOCKETED**

NOV 10 2004

Docket Control Center  
Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, Arizona 85007

W-01452A-04-0810

DOCKETED BY	<i>CK</i>
-------------	-----------

Attached please find an original and thirteen (13) copies of an application by the Cave Creek Water Co. ("CCWC") to extend its Certificate of Convenience and Necessity. The purpose of this application is to extend the area covered by CCWC's Certificate of Convenience and Necessity to include Parcel No. 211-99-006.

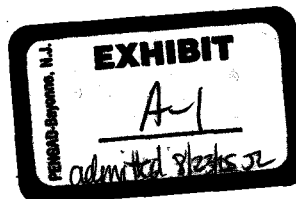
Thank you in advance for your prompt consideration of this matter.

Sincerely,

*Kristin Magin*

M. Byron Lewis  
Kristin Magin

MBL/jpa  
Enclosures



RECEIVED  
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AZ CORP COMMISSION  
DOCUMENT CONTROL

1 M. Byron Lewis, No. 002047  
2 Kristin D. Magin, No. 021199  
3 **Salmon, Lewis & Weldon, P.L.C.**  
4 Attorneys at Law  
5 2850 East Camelback Road, Suite 200  
6 Phoenix, Arizona 85016  
7 (602) 801-9060

8 Attorneys for Cave Creek Water Co.

9 **BEFORE THE ARIZONA CORPORATION COMMISSION**

10 IN THE MATTER OF THE  
11 APPLICATION OF CAVE CREEK  
12 WATER CO., AN ARIZONA  
13 CORPORATION, TO EXTEND ITS  
14 EXISTING CERTIFICATE OF  
15 CONVENIENCE AND NECESSITY AT  
16 CAVE CREEK, MARICOPA COUNTY,  
17 ARIZONA

DOCKET NO. W-01452A-00-\_\_\_\_\_

**APPLICATION TO EXTEND  
CERTIFICATE OF CONVENIENCE  
AND NECESSITY**

18 Cave Creek Water Co. ("CCWC" or "Applicant"), by and through its undersigned attorneys,  
19 hereby files an Application to extend its Certificate of Convenience and Necessity. CCWC supports  
20 this Application with the following facts and attached Exhibits:

21 1. CCWC is a public service corporation holding a Certificate of Convenience and  
22 Necessity to provide water service in and around the Towns of Cave Creek and  
23 Carefree, Maricopa County, Arizona.

24 2. All communications and pleadings regarding this matter are to be addressed to  
25 Applicant at:

26 Jay George - President/Operator Certified by the Arizona Department of  
27 Environmental Quality  
Cave Creek Water Co.  
Post Office Box 448  
Cave Creek, Arizona 85327  
(480) 488-3331

with copies addressed to Applicant's attorney:

1 M. Byron Lewis, Esq.  
2 Kristin D. Magin, Esq.  
3 Salmon, Lewis & Weldon, P.L.C.  
4 2850 East Camelback Road, Suite 200  
5 Phoenix, Arizona 85016  
6 (602) 801-9062

- 7 3. Derald Ulmer ("Owner"), owns approximately 9.26 acres in Section 4, Township 5  
8 North, Range 4 East of the Gila and Salt River Base and Meridian, Maricopa County,  
9 Arizona, all as more particularly described in Exhibit A and depicted in Exhibit B,  
10 attached hereto (the "Property").
- 11 4. Owner is developing the Property as a housing development consisting of  
12 approximately five (5) residential lots.
- 13 5. Owner has requested CCWC to provide water service to the Property as evidenced by  
14 Exhibit C.
- 15 6. CCWC's Board of Directors has authorized the filing of this Application as reflected  
16 in Exhibit D.
- 17 7. The estimated number of customers, by class, to be served in the Property, together  
18 with the projected annual water consumption, in gallons, in each of the costumer  
19 classes for the next five years is attached hereto as Exhibit E.
- 20 8. The total estimated annual operating revenue and annual operating expenses from the  
21 Property for each of the next five years is attached hereto as Exhibit F.
- 22 9. CCWC's Balance Sheet and a profit and loss statement for the year ending December  
23 31, 2003, based upon the Annual Report filed with the Arizona Corporation  
24 Commission, are attached as Exhibits G and H, respectively.
- 25 10. Preliminary engineering for the water system for the Property has not yet been  
26 completed and therefore the estimated cost of constructing new water facilities to serve  
27 the customers in the Property has not yet been developed. Necessary facilities will be

1 financed primarily through advances in aid of construction, which are subject to  
2 Commission review and approval.

- 3 11. The Property is located in the Phoenix Active Management Area, however, a  
4 Certificate of Assured Water Supply ("CAWS") from the Arizona Department of  
5 Water Resources is not necessary pursuant to A.R.S. § 45-576 as the housing  
6 development on the Property will not be "subdivided lands" as defined in A.R.S. § 32-  
7 2101.
- 8 12. CCWC holds a franchise from Maricopa County contiguous to Section 4, T5N, R4E,  
9 which includes the Property. This franchise has been previously filed with the  
10 Commission, but a copy will be provided upon request. All new water facilities  
11 needed to serve the Property will be placed within private easements, so no expansion  
12 of CCWC's county franchise is required. No State or U.S. Forest Service lands are  
13 involved and therefore their consent is not needed.
- 14 13. A copy of a recent Certificate of Good Standing issued by the incorporating division of  
15 the Commission is attached at Exhibit I.
- 16 14. CCWC has provided notice of this Application to the landowner of the Property and  
17 shall provide notice to all CCWC customers by published public notice. CCWC will  
18 also provide such other notice as required by any Procedural Order to govern this  
19 matter. The notices provided to the property owner in the proposed extension area and  
20 to all customers and property owners in the existing certificated area are attached  
21 hereto as Exhibit J.
- 22 15. A copy of CCWC's Water Use Data Sheet for the past thirteen (13) months is attached  
23 hereto as Exhibit K.

24 WHEREFORE, CCWC requests the Commission:

- 25 1. Immediately accept this Application for filing and direct its staff to review and  
26 process the Application;

2. Immediately issue an order extending CCWC's certificated area to include the Property, all as more fully described in Exhibit A or, alternatively;
3. Immediately issue a Procedural Order setting this matter for hearing and to otherwise govern this issue and, after conducting said hearing, thereafter issue an order extending CCWC's certificated area to include the Property;
4. Take such further action as it may deem appropriate and necessary on this Application.

DATED this 10<sup>th</sup> day of November, 2004.

Salmon, Lewis & Weldon, P.L.C.

By Kristin D. Magin

M. Byron Lewis  
Kristin D. Magin  
2850 East Camelback Road, Suite 200  
Phoenix, Arizona 85016  
Attorneys for Cave Creek Water Co.

PROOF OF SERVICE AND  
CERTIFICATE OF MAILING

I hereby certify that on this 10th day of November, 2004, I caused the foregoing document to be served on the Arizona Corporation Commission by hand-delivering the original and thirteen (13) copies of said document to:

Arizona Corporation Commission  
Docket Control Center  
1200 West Washington  
Phoenix, Arizona 85007

Joyce E. McFiech

EXHIBIT A

**LEGAL DESCRIPTION**

THAT PART OF THE LITTLE HOPE MINING CLAIM IN THE NORTHWEST QUARTER OF THE NORTHEAST QUARTER AND IN THE SOUTHWEST QUARTER OF THE NORTHEAST QUARTER OF SECTION 4, TOWNSHIP 5 NORTH, RANGE 4 EAST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNT, ARIZONA, MORE PARTICULARLY DESCRIBED AS FOLLOWS;

COMMENCING AT THE NORTHWEST CORNER OF THE NORTHEAST CORNER OF THE NORTHEAST CORNER OF SAID SECTION 4;

THENCE SOUTH 00 DEGREES 07 MINUTES 22 SECONDS EAST (RECORD SOUTH 00 DEGREES 07 MINUTES 48 SECONDS EAST) A DISTANCE OF 494.41 FEET (RECORD 494.48 FEET) TO THE TRUE POINT OF BEGINNING;

THENCE SOUTH 00 DEGREES 07 MINUTES 22 SECONDS EAST (RECORD SOUTH 00 DEGREES 07 MINUTES 48 SECONDS EAST) A DISTANCE OF 1454.39 FEET (RECORD 1454.42 FEET);

THENCE SOUTH 77 DEGREES 30 MINUTES 39 SECONDS WEST (RECORD SOUTH 77 DEGREES 30 MINUTES 35 SECONDS WEST) A DISTANCE OF 26.03 FEET;

THENCE NORTH 20 DEGREES 40 MINUTES 50 SECONDS WEST A DISTANCE OF 1435.12 FEET (RECORD 1435.15 FEET);

THENCE NORTH 77 DEGREES 29 MINUTES 46 SECONDS EAST (RECORD NORTH 77 DEGREES 32 MINUTES EAST) A DISTANCE OF 541.99 FEET TO THE TRUE POINT OF BEGINNING.



# EXHIBIT B

## PRELIMINARY PLAT

FOR

### BLACK MOUNTAIN VISTAS

A PART OF THE LITTLE HOPE LODGE CLAIM, M.S. 4473  
LOCATED IN THE NORTHEAST QUARTER OF SECTION 4, TOWNSHIP 5 NORTH,  
RANGE 4 EAST OF THE GILA AND SALT RIVER BASE AND MERIDIAN,  
MARICOPA COUNTY, ARIZONA

UNSUBDIVIDED

SUNSET TRAIL

TRACT A

TRACT B

SENTINEL ROCK ROAD  
SENTINEL ROCK DRIVE

CAREFREE SENTINEL  
ROCK ESTATES 2  
(BOOK 291 OF MAPS, PAGE 10 M.C.R.)

CAREFREE SENTINEL  
ROCK ESTATES 2  
(BOOK 291 OF MAPS, PAGE 10 M.C.R.)

LOT 45  
CAREFREE SENTINEL  
ROCK ESTATES  
(BOOK 243 OF MAPS, PAGE 12 M.C.R.)

LOT 86

LOT 85

LOT 84

LOT 83

LOT 82

LOT 44

32

31

#### LEGEND

- Property line
- Section line
- Subsection line
- Other boundary
- Other note

#### LEGAL DESCRIPTION

1. TRACT A is a portion of the original unrecorded or not fully recorded land of the Little Hope Lodge Claim, M.S. 4473, located in the Northeast Quarter of Section 4, Township 5 North, Range 4 East of the Gila and Salt River Base and Meridian, Maricopa County, Arizona. It is bounded on the north by the line of the Little Hope Lodge Claim, M.S. 4473, on the east by the line of the Little Hope Lodge Claim, M.S. 4473, on the south by the line of the Little Hope Lodge Claim, M.S. 4473, and on the west by the line of the Little Hope Lodge Claim, M.S. 4473.

#### PROJECTIONS

1. The plat is prepared in accordance with the provisions of the Arizona Land Survey Act, Chapter 10, Title 2, of the Arizona Revised Statutes, and the rules and regulations of the Arizona Board of Land Surveyors.

PRELIMINARY PLAT FOR  
BLACK MOUNTAIN VISTAS

PINNACLE  
ENGINEERING, INC.

08026

## EXHIBIT B (cont.)

NAME OF COMPANY DERALD D. ULMER, dba Upper Black Mt. Estates

Maricopa	T5N	R4E
COUNTY	TOWNSHIP	RANGE

[illegible]

Type or Print Description Here:

See Attached!

**DERALD D. ULMER**  
**dba UPPER BLACK MT. ESTATES**  
**P. O. BOX 999**  
**FAIRVIEW, OREGON - 97024**

November 20, 2003

Mr. Jay George  
Cave Creek Water Company  
Post Office Box 448  
Cave Creek, Arizona - 85327

RE: Request for Water Service  
For Parcel 211-99-006

Dear Mr. George:

Please accept this letter as a formal request for water service from your company to 9.26 acres, more particularly described as follows:

See Attached!

The project will consist of approximately seven lots to be developed in one phase. This property is currently outside of any existing water service area and I request you extend your certificate of convenience and necessity to include my property.

Thank you,



Derald D. Ulmer

DDU:jp

EXHIBIT C (cont.)

NAME OF COMPANY DERALD D. ULMER, dba Upper Black Mt. Estates

Maricopa	T5N	R4E
COUNTY	TOWNSHIP	RANGE

	6				5				4				3				2		
	7				8				9				1	0			1	1	
	1	8			1	7			1	6			1	5			1	4	
	1	9			2	0			2	1			2	2			2	3	
	3	0			2	9			2	8			2	7			2	6	
	3	1			3	2			3	3			3	4			3	5	

Type or Print Description Here:

See Attached!

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EXHIBIT D

RESOLUTION BY UNANIMOUS CONSENT  
OF  
THE BOARD OF DIRECTORS  
OF  
CAVE CREEK WATER CO.

Pursuant to A.R.S. § 10-821, the undersigned, constituting all of the members of the Board of Directors of Cave Creek Water Co., an Arizona corporation (the "Corporation"), hereby consent to, confirm, approve and adopt the following actions and resolutions with the same force and effect as if adopted at a duly called special meeting of the Board of Directors of the Corporation:

WHEREAS, certain land owners adjacent to the existing Certificate of Convenience and Necessity of the Corporation desire water service from the Corporation; and

WHEREAS, such vacant lands could provide additional growth for this portion of the Corporation's system;

NOW, THEREFORE, BE IT RESOLVED, that the Corporation's officers are authorized and directed to take any and all action deemed necessary or appropriate to expand the Corporation's certificated area by adding approximately 9.26 acres in Section 4, Township 5 North, Range 4 East, of the Gila and Salt River Base and Meridian, Maricopa County, Arizona, commonly referred to as Black Mountain Vistas, including without limitation, filing and processing an application with the Arizona Corporation Commission.

RESOLVED, FURTHER, that the President, incidental to the President's duties to the management and operation of the Corporation, is authorized and directed to make, provide, execute, and deliver any and all statements, applications, certificates, representations, payments, notices, receipts and other instruments and documents and take any and all other actions which is or may be necessary or appropriate in connection with or to consummate any of the matters covered by the foregoing resolutions.

IN WITNESS WHEREOF, the undersigned has executed this Written Consent effective as of August 17, 2004.

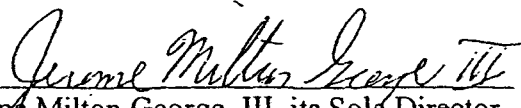
  
Jerome Milton George, III, its Sole Director

Exhibit E

Indicate the estimated number of customers, by class, to be served in the new area in each of the next five years:

Residential: (cumulative)

First Year 2                      Second Year 3                      Third Year 4  
Fourth Year 5                      Fifth Year 5

Commercial: None

First Year \_\_\_\_\_                      Second Year \_\_\_\_\_                      Third Year \_\_\_\_\_  
Fourth Year \_\_\_\_\_                      Fifth Year \_\_\_\_\_

Industrial: None

First Year \_\_\_\_\_                      Second Year \_\_\_\_\_                      Third Year \_\_\_\_\_  
Fourth Year \_\_\_\_\_                      Fifth Year \_\_\_\_\_

Irrigation: None

First Year \_\_\_\_\_                      Second Year \_\_\_\_\_                      Third Year \_\_\_\_\_  
Fourth Year \_\_\_\_\_                      Fifth Year \_\_\_\_\_

Other: (specify) None

First Year \_\_\_\_\_                      Second Year \_\_\_\_\_                      Third Year \_\_\_\_\_  
Fourth Year \_\_\_\_\_                      Fifth Year \_\_\_\_\_

Exhibit E (cont.)

Indicate the projected annual water consumption, in gallons, for each of the customer classes in the new area for each of the next five years:

Residential: (cumulative)

First Year 195,500

Second Year 293,250

Third Year 391,000

Fourth Year 488,750

Fifth Year 488,750

Commercial: None

First Year \_\_\_\_\_

Second Year \_\_\_\_\_

Third Year \_\_\_\_\_

Fourth Year \_\_\_\_\_

Fifth Year \_\_\_\_\_

Industrial: None

First Year \_\_\_\_\_

Second Year \_\_\_\_\_

Third Year \_\_\_\_\_

Fourth Year \_\_\_\_\_

Fifth Year \_\_\_\_\_

Irrigation: None

First Year \_\_\_\_\_

Second Year \_\_\_\_\_

Third Year \_\_\_\_\_

Fourth Year \_\_\_\_\_

Fifth Year \_\_\_\_\_

Other: (specify) None

First Year \_\_\_\_\_

Second Year \_\_\_\_\_

Third Year \_\_\_\_\_

Fourth Year \_\_\_\_\_

Fifth Year \_\_\_\_\_

Exhibit F

Indicate the total estimated annual operating revenue and annual operating expenses from the new area in each of the next five years:

Revenue<sup>1</sup> (cumulative):

Residential:

First Year \$1,713.60  
Fourth Year \$4,284

Second Year \$2,570.40  
Fifth Year \$4,284

Third Year \$3,427.20

Commercial: None

First Year \_\_\_\_\_  
Fourth Year \_\_\_\_\_

Second Year \_\_\_\_\_  
Fifth Year \_\_\_\_\_

Third Year \_\_\_\_\_

Industrial: None

First Year \_\_\_\_\_  
Fourth Year \_\_\_\_\_

Second Year \_\_\_\_\_  
Fifth Year \_\_\_\_\_

Third Year \_\_\_\_\_

Irrigation: None

First Year \_\_\_\_\_  
Fourth Year \_\_\_\_\_

Second Year \_\_\_\_\_  
Fifth Year \_\_\_\_\_

Third Year \_\_\_\_\_

Other: (specify) None

First Year \_\_\_\_\_  
Fourth Year \_\_\_\_\_

Second Year \_\_\_\_\_  
Fifth Year \_\_\_\_\_

Third Year \_\_\_\_\_

<sup>1</sup> The estimate of revenues is based upon \$71.40 per customer per month, which was the average revenue received by CCWC from the average residential customer during 2003.



Exhibit F (cont.)

Expenses<sup>2</sup> (cumulative):

Residential:

First Year \$1,656  
Fourth Year \$4,140

Second Year \$2,484  
Fifth Year \$4,140

Third Year \$3,312

Commercial:

First Year \_\_\_\_\_  
Fourth Year \_\_\_\_\_

Second Year \_\_\_\_\_  
Fifth Year \_\_\_\_\_

Third Year \_\_\_\_\_

Industrial:

First Year \_\_\_\_\_  
Fourth Year \_\_\_\_\_

Second Year \_\_\_\_\_  
Fifth Year \_\_\_\_\_

Third Year \_\_\_\_\_

Irrigation:

First Year \_\_\_\_\_  
Fourth Year \_\_\_\_\_

Second Year \_\_\_\_\_  
Fifth Year \_\_\_\_\_

Third Year \_\_\_\_\_

Other: (specify) \_\_\_\_\_

First Year \_\_\_\_\_  
Fourth Year \_\_\_\_\_

Second Year \_\_\_\_\_  
Fifth Year \_\_\_\_\_

Third Year \_\_\_\_\_

<sup>2</sup> The estimated expenses are based upon a cost of \$69.00 per customer per month which was the average expense of CCWC for the average residential customer during 2003.

EXHIBIT G

COMPANY NAME

Cave Creek Water Co.

BALANCE SHEET

Acct No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	<b>ASSETS</b>		
	<b>CURRENT AND ACCRUED ASSETS</b>		
131	Cash	\$ 336,039	\$ 370,815
134	Working Funds		
135	Temporary Cash Investments		
141	Customer Accounts Receivable	109,638	133,236
146	Notes/Receivables from Associated Companies		
151	Plant Material and Supplies		
162	Prepayments	4,342	8,401
174	Miscellaneous Current and Accrued Assets	196	196
	<b>TOTAL CURRENT AND ACCRUED ASSETS</b>	<b>\$ 450,215</b>	<b>\$ 512,648</b>
	<b>FIXED ASSETS</b>		
101	Utility Plant in Service	\$ 9,254,068	\$ 9,556,608
103	Property Held for Future Use		
105	Construction Work in Progress		
108	Accumulated Depreciation - Utility Plant	3,495,742	3,765,326
121	Non-Utility Property		
122	Accumulated Depreciation - Non Utility		
	<b>TOTAL FIXED ASSETS</b>	<b>\$ 5,758,326</b>	<b>\$ 5,791,017</b>
	<b>TOTAL ASSETS</b>	<b>\$ 6,208,541</b>	<b>\$ 6,303,930</b>

NOTE: The Assets on this page should be equal to Total Liabilities and Capital on the following page.

COMPANY NAME

Cave Creek Water Co.

**BALANCE SHEET (CONTINUED)**

Acct. No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	<b>LIABILITIES</b>		
	<b>CURRENT LIABILITES</b>		
231	Accounts Payable	\$ 414,382	\$
232	Notes Payable (Current Portion)		
234	Notes/Accounts Payable to Associated Companies		
235	Customer Deposits	78,251	96,008
236	Accrued Taxes		
237	Accrued Interest	175,667	191,545
241	Miscellaneous Current and Accrued Liabilities	8,497	8,661
	<b>TOTAL CURRENT LIABILITIES</b>	\$ 676,791	\$ 296,214
	<b>LONG-TERM DEBT (Over 12 Months)</b>		
224	Long-Term Notes and Bonds	\$ 127,752	\$ 127,752
	<b>DEFERRED CREDITS</b>		
251	Unamortized Premium on Debt	\$	\$
252	Advances in Aid of Construction	1,828,816	1,812,302
255	Accumulated Deferred Investment Tax Credits		
271	Contributions in Aid of Construction	4,605,369	4,605,369
272	Less: Amortization of Contributions		
281	Accumulated Deferred Income Tax		
	<b>TOTAL DEFERRED CREDITS</b>	\$ 6,434,185	\$ 6,545,423
	<b>TOTAL LIABILITIES</b>	\$ 7,238,734	\$ 6,841,637
	<b>CAPITAL ACCOUNTS</b>		
201	Common Stock Issued	\$ 31,250	\$ 31,250
211	Paid in Capital in Excess of Par Value	34	34
215	Retained Earnings	(1,061,477)	(865,205)
218	Proprietary Capital (Sole Props and Partnerships)		
	<b>TOTAL CAPITAL</b>	\$(1,030,193)	\$ (833,921)
	<b>TOTAL LIABILITIES AND CAPITAL</b>	\$ 6,208,541	\$ 6,303,930

## EXHIBIT H

COMPANY NAME Cave Creek Water Co.

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 1,399,590	\$ 1,598,146
460	Unmetered Water Revenue		
474	Other Water Revenues	373,625	130,076
	<b>TOTAL REVENUES</b>	<b>\$ 1,723,215</b>	<b>\$ 1,728,212</b>
	<b>OPERATING EXPENSES</b>		
601	Salaries and Wages	\$ 262,708	\$ 321,969
610	Purchased Water	158,599	154,684
615	Purchased Power	286,060	315,129
618	Chemicals	74,375	13,590
620	Repairs and Maintenance	35,364	30,769
621	Office Supplies and Expense	34,973	36,168
630	Outside Services	257,555	305,343
635	Water Testing	8,187	8,839
641	Rents		
650	Transportation Expenses	9,625	11,421
657	Insurance -- General Liability	9,244	16,104
659	Insurance - Health and Life	8,050	7,200
666	Regulatory Commission Expense -- Rate Case		
675	Miscellaneous Expense	5,225	6,410
403	Depreciation Expense	416,995	269,584
408	Taxes Other Than Income	137,252	129,236
408.11	Property Taxes	41,493	43,365
409	Income Tax		
	<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 1,745,706</b>	<b>\$ 1,669,811</b>
	<b>OPERATING INCOME/(LOSS)</b>	<b>\$ (22,491)</b>	<b>\$ (58,410)</b>
	<b>OTHER INCOME/(EXPENSE)</b>		
419	Interest and Dividend Income	\$ 3,200	\$ 3,064
421	Non-Utility Income	32,677	39,047
426	Miscellaneous Non-Utility Expenses		
427	Interest Expense	(26,701)	(28,347)
	<b>TOTAL OTHER INCOME/(EXPENSE)</b>	<b>\$ 9,176</b>	<b>\$ 13,764</b>
	<b>NET INCOME/(LOSS)</b>	<b>\$ (13,315)</b>	<b>\$ 72,174</b>

# STATE OF ARIZONA



## Office of the CORPORATION COMMISSION

### CERTIFICATE OF GOOD STANDING

To all to whom these presents shall come, greeting:

I, Brian C. McNeil, Executive Secretary of the Arizona Corporation Commission, do hereby certify that

**\*\*\*CAVE CREEK WATER CO.\*\*\***

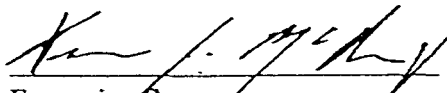
a domestic corporation organized under the laws of the State of Arizona, did incorporate on March 31, 1955.

I further certify that according to the records of the Arizona Corporation Commission, as of the date set forth hereunder, the said corporation is not administratively dissolved for failure to comply with the provisions of the Arizona Business Corporation Act; that its most recent Annual Report, subject to the provisions of A.R.S. sections 10-122, 10-123, 10-125 & 10-1622, has been delivered to the Arizona Corporation Commission for filing; and that the said corporation has not filed Articles of Dissolution as of the date of this certificate.

This certificate relates only to the legal existence of the above named entity as of the date issued. This certificate is not to be construed as an endorsement, recommendation, or notice of approval of the entity's condition or business activities and practices.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the Arizona Corporation Commission. Done at Phoenix, the Capital, this 16th Day of August, 2004, A. D.



  
Executive Secretary

By 

EXHIBIT J

**SALMON, LEWIS & WELDON, P.L.C.**

Attorneys at Law

Riney B. Salmon II, P.C.  
John B. Weldon, Jr.  
Lisa M. McKnight  
James R. Huntwork  
Ronnie P. Hawks  
Alexandra M. Arboleda

2850 E. Camelback Road, Suite 200  
Phoenix, Arizona 85016  
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M. Byron Lewis  
Stephen E. Crofton  
Mark A. McGinnis  
Karen S. Gaylord  
Kristin D. Magin  
Rebecca C. Goldberg  
Jason P. Alberts

*Writer's Direct Line*  
602-801-9062

November 10, 2004

---

*Of Counsel*  
Richard N. Morrison

*Writer's Internet Address*  
mbk@slwplc.com

Derald Ulmer  
c/o David G. Gulino  
Land Development Services, L.L.C.  
4413 North Saddlebag Trail, Suite 5  
Scottsdale, Arizona 85251

David G. Gulino  
Land Development Services, L.L.C.  
4413 North Saddlebag Trail, Suite 5  
Scottsdale, Arizona 85251

Re: Notice of Application for Extension of Certificate of  
Convenience and Necessity by Cave Creek Water Co.

Gentlemen:

Cave Creek Water Co. ("CCWC") has filed with the Arizona Corporation Commission ("Commission") an application for authority to extend its Certificate of Convenience and Necessity to provide water service. Our records indicate that you are the sole property owner in the proposed extension area. If the Commission grants the application, CCWC would be the exclusive provider of water service to the proposed area. The Commission will require CCWC to provide this service under rates and charges and terms and conditions established by the Commission. The granting of the application would not necessarily prohibit an individual from providing service to themselves from individually owned facilities on their property. The application is available for inspection during regular business hours at the offices of the Commission in Phoenix at 1200 West Washington Street, and at CCWC, Post Office Box 448, Cave Creek, Arizona, 85327.

The Commission will hold a hearing on this matter. As the sole property owner, you are entitled to intervene in the proceeding. If you do not want to intervene, you may appear at the hearing and make a statement on your own behalf. You may contact the Commission at the address and telephone number listed below for the date and time of the hearing and for more information on intervention. You may not receive any further notice of the proceeding unless requested by you.

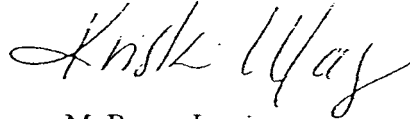
If you have any questions or concerns about this application or have any objections to its approval, or wish to make a statement in support of it, you may contact the Consumer Services

EXHIBIT J (cont.)

Mr. Derald Ulmer  
Mr. David G. Gulino  
November 9, 2004  
Page 2

Section of the Commission at 1200 West Washington Street, Phoenix, Arizona, 85007 or call 1-800-222-7000.

Sincerely,

A handwritten signature in cursive script, appearing to read "Kristin D. Magin".

M. Byron Lewis  
Kristin D. Magin

MBL/jpa

**PUBLIC NOTICE OF AN APPLICATION FOR AN  
EXTENSION OF ITS CERTIFICATE OF CONVENIENCE AND NECESSITY  
BY CAVE CREEK WATER CO.**

Cave Creek Water Co. ("CCWC") has filed with the Arizona Corporation Commission ("Commission") an application for authority to extend its Certificate of Convenience and Necessity to provide water service. If the application is granted, CCWC would be the exclusive provider of water service to the proposed area. CCWC will be required by the Commission to provide this service under the rates and charges and terms and conditions established by the Commission. The granting of the application would not necessarily prohibit an individual from providing service to themselves from individually owned facilities on their property. The application is available for inspection during regular business hours at the offices of the Commission in Phoenix at 1200 West Washington Street, and at CCWC, Post Office Box 448, Cave Creek, Arizona, 85327.

The Commission will hold a hearing on this matter. If you are a property owner in the existing certificated area, or customer in the existing area, you may be entitled to intervene in the proceeding. If you do not want to intervene, you may appear at the hearing and make a statement on your own behalf. You may contact the Commission at the address and telephone number listed below for the date and time of the hearing and for more information on intervention. You may not receive any further notice of the proceeding unless requested by you.

If you have any questions or concerns about this application or have any objections to its approval, or wish to make a statement in support of it, you may contact the Consumer Services Section of the Commission at 1200 West Washington Street, Phoenix, Arizona, 85007 or call 1-800-222-7000.



## EXHIBIT K

## WATER USE DATA SHEET

NAME OF COMPANY	CAVE CREEK WATER CO
ADEQ Public Water System No.	07016

MONTH/YEAR (Last 13 Months)	NUMBER OF CUSTOMERS		GALLONS SOLD (Thousands)
OCT 03	2075		33,119,300
NOV 03	2078		26,135,100
DEC 04	2084		22,185,400
JAN 04	2120		26,369,100
FEB 04	2138		23,475,700
MAR 04	2178		24,260,800
APR 04	2203		27,047,800
MAY 04	2224		35,845,500
JUN 04	2238		39,469,200
JUL 04	2253		45,429,400
AUG 04	2257		42,393,700
SEPT 04	2269		39,076,700
OCT 04	2292		35,274,900

STORAGE TANK CAPACITY (Gallons)	NUMBER OF EACH	ARIZONA DEPT. OF WATER RESOURCES WELL ID. NUMBER	WELL PRODUCTION (Gallons per Minute)
15,000.00	2	55-516266	100
20,000.00	1	55-518050	250
45,000.00	1	55-518052	100
100,000.00	4	55-521032	110
200,000.00	1	55-625094	50
		55-625095	50
		55-625097	10
		55-625098	100
		55-625093	50
		55-625099	30
		55-625096	10

Other Water Sources in Gallons per Minute	1400 GPM
Fire Hydrants on System	(Yes) No
Total Water Pumped Last 13 Months (Gallons in Thousands)	

# SALMON, LEWIS & WELDON, P.L.C.

Attorneys at Law

Riney B. Salmon II, P.C.  
John B. Weldon, Jr.  
Lisa M. McKnight  
James R. Huntwork  
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Rebecca C. Goldberg  
Jason P. Alberts

*Writer's Direct Line*  
602-801-9062

February 9, 2005

*Of Counsel*  
Richard N. Morrison

*Writer's Internet Address*  
mbk@slwplc.com

Docket Control Center  
Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, Arizona 85007

Attached please find an original and thirteen (13) copies of an application by the Cave Creek Water Co. ("CCWC") to extend its Certificate of Convenience and Necessity. The purpose of this application is to extend the area covered by CCWC's Certificate of Convenience and Necessity to include Parcel No. 216-29-002A.

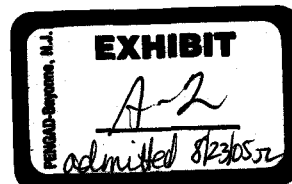
Thank you in advance for your prompt consideration of this matter.

Sincerely,

M. Byron Lewis  
Kristin Magin

MBL/jpa  
Enclosures

RECEIVED  
2005 FEB - 9 A 11: 09  
AZ CORP COMMISSION  
DOCUMENT CONTROL



1 M. Byron Lewis, No. 002047  
2 Kristin D. Magin, No. 021199  
3 **Salmon, Lewis & Weldon, P.L.C.**  
4 Attorneys at Law  
5 2850 East Camelback Road, Suite 200  
6 Phoenix, Arizona 85016  
7 (602) 801-9060

8 Attorneys for Cave Creek Water Co.

9  
10 **BEFORE THE ARIZONA CORPORATION COMMISSION**

11 IN THE MATTER OF THE  
12 APPLICATION OF CAVE CREEK  
13 WATER CO., AN ARIZONA  
14 CORPORATION, TO EXTEND ITS  
15 EXISTING CERTIFICATE OF  
16 CONVENIENCE AND NECESSITY AT  
17 CAVE CREEK, MARICOPA COUNTY,  
18 ARIZONA

19 DOCKET NO. W-01452A-04-\_\_\_\_\_

20 **APPLICATION TO EXTEND  
21 CERTIFICATE OF CONVENIENCE  
22 AND NECESSITY**

23 Cave Creek Water Co. ("CCWC" or "Applicant"), by and through its undersigned attorneys,  
24 hereby files an Application to extend its Certificate of Convenience and Necessity. CCWC supports  
25 this Application with the following facts and attached Exhibits:

- 26 1. CCWC is a public service corporation holding a Certificate of Convenience and  
27 Necessity to provide water service in and around the Towns of Cave Creek and  
28 Carefree, Maricopa County, Arizona.
- 29 2. All communications and pleadings regarding this matter are to be addressed to  
30 Applicant at:  
31 Jay George – President/Operator Certified by the Arizona Department of  
32 Environmental Quality  
33 Cave Creek Water Co.  
34 Post Office Box 448  
35 Cave Creek, Arizona 85327  
36 (480) 488-3331

37 with copies addressed to Applicant's attorney:

1 M. Byron Lewis, Esq.  
2 Kristin D. Magin, Esq.  
3 Salmon, Lewis & Weldon, P.L.C.  
4 2850 East Camelback Road, Suite 200  
5 Phoenix, Arizona 85016  
6 (602) 801-9062

- 7 3. BDG60 L.L.C. ("Owner"), owns approximately 30.4769 acres in Section 34,  
8 Township 6 North, Range 4 East of the Gila and Salt River Base and Meridian,  
9 Maricopa County, Arizona, all as more particularly described in Exhibit A and  
10 depicted in Exhibit B, attached hereto (the "Property").
- 11 4. Owner is developing the Property as a housing development, commonly referred to as  
12 Carefree Views (formerly referred to as Carefree Mountain Ranch Estates), consisting  
13 of approximately nine (9) residential lots.
- 14 5. Owner has requested CCWC to provide water service to the Property as evidenced by  
15 Exhibit C.
- 16 6. CCWC's Board of Directors has authorized the filing of this Application as reflected  
17 in Exhibit D.
- 18 7. The estimated number of customers, by class, to be served in the Property, together  
19 with the projected annual water consumption, in gallons, in each of the costumer  
20 classes for the next five years is attached hereto as Exhibit E.
- 21 8. The total estimated annual operating revenue and annual operating expenses from the  
22 Property for each of the next five years is attached hereto as Exhibit F.
- 23 9. CCWC's Balance Sheet and a profit and loss statement for the year ending December  
24 31, 2003, based upon the Annual Report filed with the Arizona Corporation  
25 Commission, are attached as Exhibits G and H, respectively.
- 26 10. Exhibit I displays the existing CCWC six inch (6") water main located approximately  
27 nine hundred ten (910) feet from the Property and the proposed location of extending  
the six inch main to the Property. This existing water main arterial is located in the

public street named Carefree Drive in the Town of Carefree. Owner will extend the existing six inch water line directly westbound on Carefree Drive for the nine hundred ten feet to the Property to provide service to the Property's nine (9) lots. The approximate cost to extend this six inch line while adhering to all Maricopa County Association of Governments Design Guidelines ("MAG") and local Town of Carefree Design Ordinances is estimated to be \$20,000 and are not likely to exceed \$50,000. These cost estimates include trenching from the existing location to the Property, installing piping material and valves, refilling the trench, compacting per code and providing roadway asphalt sub-grade and surfacing per code such that the trench is seamless within the existing public road. Necessary facilities will be financed primarily through advances in aid of construction, which are subject to Commission review and approval. Construction of the extension of the existing water line facilities is anticipated within six months of approval by the Town of Carefree of the Property's final plat. This six inch line will be sufficient for the 9 lots from both a drinking water and fire service perspective (reference Exhibit J which contains the Arizona Department of Water Resources ("ADWR") water use estimate for the Property of 3.49 acre feet per year.)

11. The Property is located in the Phoenix Active Management Area and must obtain a Certificate of Assured Water Supply ("CAWS") from ADWR prior to final plat approval. The Owner has submitted and is pursuing an application for a CAWS with ADWR, a copy of which is attached hereto as Exhibit J. A Certificate of Convenience and Necessity must be issued first in order for ADWR to issue a CAWS. CCWC does not anticipate any difficulties with the CAWS application, provided this Application is timely approved.
12. CCWC is regulated by the Arizona Department of Environmental Quality ("ADEQ") in relation to water quality. CCWC's water complies with current standards for water quality. In January 2006, new arsenic standards for well water will come into effect.

1 CCWC has submitted its plan for arsenic removal to ADEQ and has commenced  
2 testing of its plan. Attached hereto as Exhibit K is a copy of ADEQ's Certificate of  
3 Approval to Proceed with Stipulations of CCWC's testing plan. Results of the testing  
4 will be analyzed by a certified lab and provided to ADEQ promptly upon completion.

5 13. CCWC has a CAP water delivery contract for the delivery of up to 1,600 acre feet of  
6 water per year, and 630 acre feet of groundwater available to meet its current and  
7 committed water demands. ADWR has calculated that the Property with its proposed  
8 development will have a total annual demand of 3.49 acre feet per year. CCWC  
9 currently has sufficient water availability to serve the Property. In addition, CCWC  
10 will receive an additional 806 acre feet allotment of CAP water in the future pursuant  
11 to the terms of the GRIC Settlement.

12 14. CCWC holds a franchise from Maricopa County contiguous to Section 34, T6N, R4E,  
13 which includes the Property. A copy of the franchise is attached hereto as Exhibit L.  
14 All new water facilities needed to serve the Property will be placed within private  
15 easements, so no expansion of CCWC's county franchise is required. No State or U.S.  
16 Forest Service lands are involved and therefore their consent is not needed.

17 15. A copy of a recent Certificate of Good Standing issued by the incorporating division of  
18 the Commission is attached at Exhibit M.

19 16. CCWC has provided notice of this Application to the landowner of the Property and  
20 shall provide notice to all CCWC customers by published public notice. CCWC will  
21 also provide such other notice as required by any Procedural Order to govern this  
22 matter. The notices provided to the Owner in the proposed extension area and to all  
23 customers and property owners in the existing certificated area are attached hereto as  
24 Exhibit N.

25 17. A copy of CCWC's Water Use Data Sheet for the past thirteen (13) months is attached  
26 hereto as Exhibit O.

27 WHEREFORE, CCWC requests the Commission:

1. Immediately accept this Application for filing and direct its staff to review and process the Application;
2. Immediately issue an order extending CCWC's certificated area to include the Property, all as more fully described in Exhibit A or, alternatively;
3. Immediately issue a Procedural Order setting this matter for hearing and to otherwise govern this issue and, after conducting said hearing, thereafter issue an order extending CCWC's certificated area to include the Property;
4. Take such further action as it may deem appropriate and necessary on this Application.

DATED this 9<sup>th</sup> day of February, 2005.

Salmon, Lewis & Weldon, P.L.C.

By



M. Byron Lewis  
Kristin D. Magin  
2850 East Camelback Road, Suite 200  
Phoenix, Arizona 85016  
Attorneys for Cave Creek Water Co.

PROOF OF SERVICE AND  
CERTIFICATE OF MAILING

I hereby certify that on this 9<sup>th</sup> day of February, 2005, I caused the foregoing document to be served on the Arizona Corporation Commission by hand-delivering the original and thirteen (13) copies of said document to:

Arizona Corporation Commission  
Docket Control Center  
1200 West Washington  
Phoenix, Arizona 85007

\_\_\_\_\_



## EXHIBIT A

### LEGAL DESCRIPTION

The Southeast quarter of the Northwest quarter of Section 34, Township 6 North, Range 4 East of the Gila and Salt River Base and Meridian, Maricopa County, Arizona EXCEPTING therefrom the following described parcel:

BEGINNING at the 2 inch diameter brass cap that is stamped center of Section 34, Township 6 North, Range 4 East, L.S. 1681, said point being also the Southeast corner of the Southeast quarter of the Northwest quarter of Section 34;

thence South 89 degrees 07 minutes 56 seconds West, 362.49 feet along the south line of said Southeast quarter of the Northwest quarter to an iron pipe tagged L.S. 1681 set for the Southwest corner of the herein described parcel of land;

thence North 00 degrees 42 minutes 47 seconds West, 1107.69 feet parallel with the East line of said Southwest quarter of the Northwest quarter to an iron pipe tagged L.S. 1681 set for the Northwest corner of the herein described parcel of land;

thence North 89 degrees 07 minutes 56 seconds East, 362.49 feet parallel with the South line of said Southeast quarter of the Northeast quarter to an iron pipe tagged L.S. 1681 set for the Northeast corner of the herein described parcel of land at a point that is on the East line of said Southeast quarter of the Northwest quarter and from which point the Northeast corner of said Southeast quarter of the Northeast corner of said Southeast quarter of the Northwest quarter bears North 00 degrees 42 minutes 47 seconds West, 205.77 feet;

thence from said Northeast quarter of the herein described parcel of land South 00 degrees 42 minutes 47 seconds East, 1107.69 feet along the east line of said Southeast corner of the Northwest quarter to said 2 inch diameter brass cap that is Southeast corner of the herein described parcel of land and the POINT OF BEGINNING.

EXCEPT from all the above, all the coal and other minerals as reserved in Patent from the United States of America.

ATTACHMENT "B"

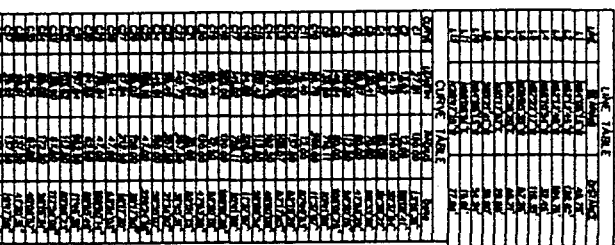
MARISOPA	34	6N	4E
COUNTY	SECTION	TOWNSHIP	RANGE

6		5		4	
				3	
				2	
				1	
7		8		1 0	
				1 1	
				1 2	
1 8		1 7		1 5	
				1 4	
				1 3	
1 9		2 0		2 2	
				2 3	
				2 4	
3 0		2 9		2 7	
				2 6	
				2 5	
3 1		3 2		3 4	
				3 5	
				3 6	

Type or Print Description Here:

SEE ATTACHED ~~EXHIBIT~~ FOR LEGAL DESCRIPTION

A SUBDIVISION OF A PORTION OF NORTHWEST 1/4 QUARTER OF SECTION 34, TOWNSHIP 6 NORTH, RANGE 4 EAST OF THE GILA AND GALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA



LINE	TABLE	SECTION
1	1	SECTION 1
2	2	SECTION 2
3	3	SECTION 3
4	4	SECTION 4
5	5	SECTION 5
6	6	SECTION 6
7	7	SECTION 7
8	8	SECTION 8
9	9	SECTION 9
10	10	SECTION 10
11	11	SECTION 11
12	12	SECTION 12
13	13	SECTION 13
14	14	SECTION 14
15	15	SECTION 15
16	16	SECTION 16
17	17	SECTION 17
18	18	SECTION 18
19	19	SECTION 19
20	20	SECTION 20
21	21	SECTION 21
22	22	SECTION 22
23	23	SECTION 23
24	24	SECTION 24
25	25	SECTION 25
26	26	SECTION 26
27	27	SECTION 27
28	28	SECTION 28
29	29	SECTION 29
30	30	SECTION 30
31	31	SECTION 31
32	32	SECTION 32
33	33	SECTION 33
34	34	SECTION 34
35	35	SECTION 35
36	36	SECTION 36
37	37	SECTION 37
38	38	SECTION 38
39	39	SECTION 39
40	40	SECTION 40
41	41	SECTION 41
42	42	SECTION 42
43	43	SECTION 43
44	44	SECTION 44
45	45	SECTION 45
46	46	SECTION 46
47	47	SECTION 47
48	48	SECTION 48
49	49	SECTION 49
50	50	SECTION 50
51	51	SECTION 51
52	52	SECTION 52
53	53	SECTION 53
54	54	SECTION 54
55	55	SECTION 55
56	56	SECTION 56
57	57	SECTION 57
58	58	SECTION 58
59	59	SECTION 59
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62	62	SECTION 62
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90	90	SECTION 90
91	91	SECTION 91
92	92	SECTION 92
93	93	SECTION 93
94	94	SECTION 94
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96	96	SECTION 96
97	97	SECTION 97
98	98	SECTION 98
99	99	SECTION 99
100	100	SECTION 100

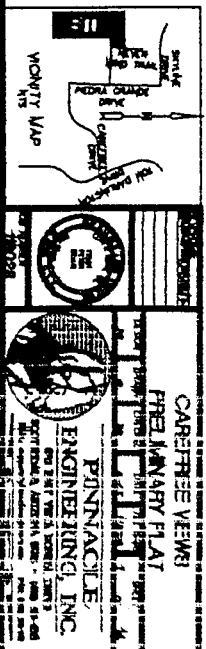
4. Recycling facilities to have a maximum of 1/3 of capacity for excessive incineration incinerators permit utilizing these facilities to process such waste.

[illegible]

12/15/2012 10:00 AM

have extensive topographic information present allowing transfer of rocky terrain. This study is clearly not true over.

MOISTURE LIKE	MOISTURE LIKE
FLAKY LIKE	FLAKY LIKE
SHEDDING TRILLER LIKE	SHEDDING TRILLER LIKE
CONTRASTION ONLY SPOKE FLAKY	CONTRASTION ONLY SPOKE FLAKY
COBE	CONTRASTION ONLY SPOKE FLAKY
CHINA	CHINA



TOWN OF  
CAVE CREEK  
206-29-001

## CAREFREE VIEWS

270-29-012  
TOWN OF  
CAVE CREEK



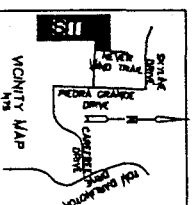
(BOOK #57 OF 147, PAGE 08 H.C.R.)

LOT NO.	(1) AREA (square feet)	BUILDING (SQUARE FEET)	PERCENTAGE TOTAL LOT
LOT 1	150,499 square feet	41,420 square feet	27.53%
LOT 2	150,499 square feet	24,313 square feet	17.82%
LOT 3	151,176 square feet	20,037 square feet	22.56%
LOT 4	117,206 square feet	17,224 square feet	14.64%
LOT 5	177,809 square feet	28,019 square feet	33.41%
LOT 6	187,078 square feet	30,406 square feet	26.28%
LOT 7	151,018 square feet	54,458 square feet	36.22%
LOT 8	194,180 square feet	23,550 square feet	13.14%
LOT 9	150,499 square feet	17,780 square feet	12.87%
LOT 10	150,499 square feet	30,775 square feet	21.52%



## LEGEND

- |       |                         |
|-------|-------------------------|
| ----- | EASTERN LANE            |
| ----- | BUILDING ELEVATION LANE |
| ----- | CONSTRUCTION OPEN SPACE |
| ----- | EASTERN LANE            |
| COGE  | CONSTRUCTION OPEN SPACE |
| ----- | CONSTRUCTION OPEN SPACE |
| ----- | EASTERN LANE            |



**BLDG ENV, SETBACKS AND  
PLANNING FOR CAREFREE VIEWERS**

**PINNACLE  
ENGINEERING, INC.**

SEE ALSO: VERA BORETA DANCE  
SCOTCHBELL, AMERICA'S BEST • (404) 39-63-  
8114, [scotchbell@earthlink.net](mailto:scotchbell@earthlink.net) FOR \$600 40-1

EXHIBIT C

Cave Creek Water Company  
Mr. Jay George and Kristin Magin (attorney for CCWC)  
P.O. Box 448  
6034 East Valley Way  
Cave Creek, Arizona 85327

tel: 480 488-3331  
fax: 480 488-0939

**Re: Carefree Views CC&N Inclusion**


Dear Jay/Kristin:

After nearly a year of planning and engineering work and countless discussions with ADWR, the Town of Carefree and Cave Creek Water Company; it has been brought to my attention that my land is not in the Cave Creek Water CC&N area (reference enclosed map provided by the Arizona Corporation Commission).

I am writing to request that my land (reference enclosed plat and legal description) be included in the Cave Creek Water Company's CC&N area. In consideration of inclusion within the CC&N, I agree to provide private easements no less than fifteen (15) feet wide, as necessary, to encompass all necessary water lines and appurtenances, and all booster sites, storage sites and well sites deemed necessary by the company to provide water service to the area, will pay all necessary costs of water related facilities pursuant to a line extension agreement and pay all necessary applicable fees and charges approved by the Arizona Corporation Commission.

Please let me know what I can do to help with this request and/or if I can answer any questions. Your help is appreciated and I thank you in advance.

Respectfully,

  
Darryl Szarka, Member

BDG 60 LLC (Property Owner)  
7077 East Marilyn Road, Suite 152  
Scottsdale, Arizona 95254  
Telephone 480 778-1784  
Fax 480 778-1791  
Email darryl@dksdev.com

# COUNTY of Maricopa

RANGE 4 East

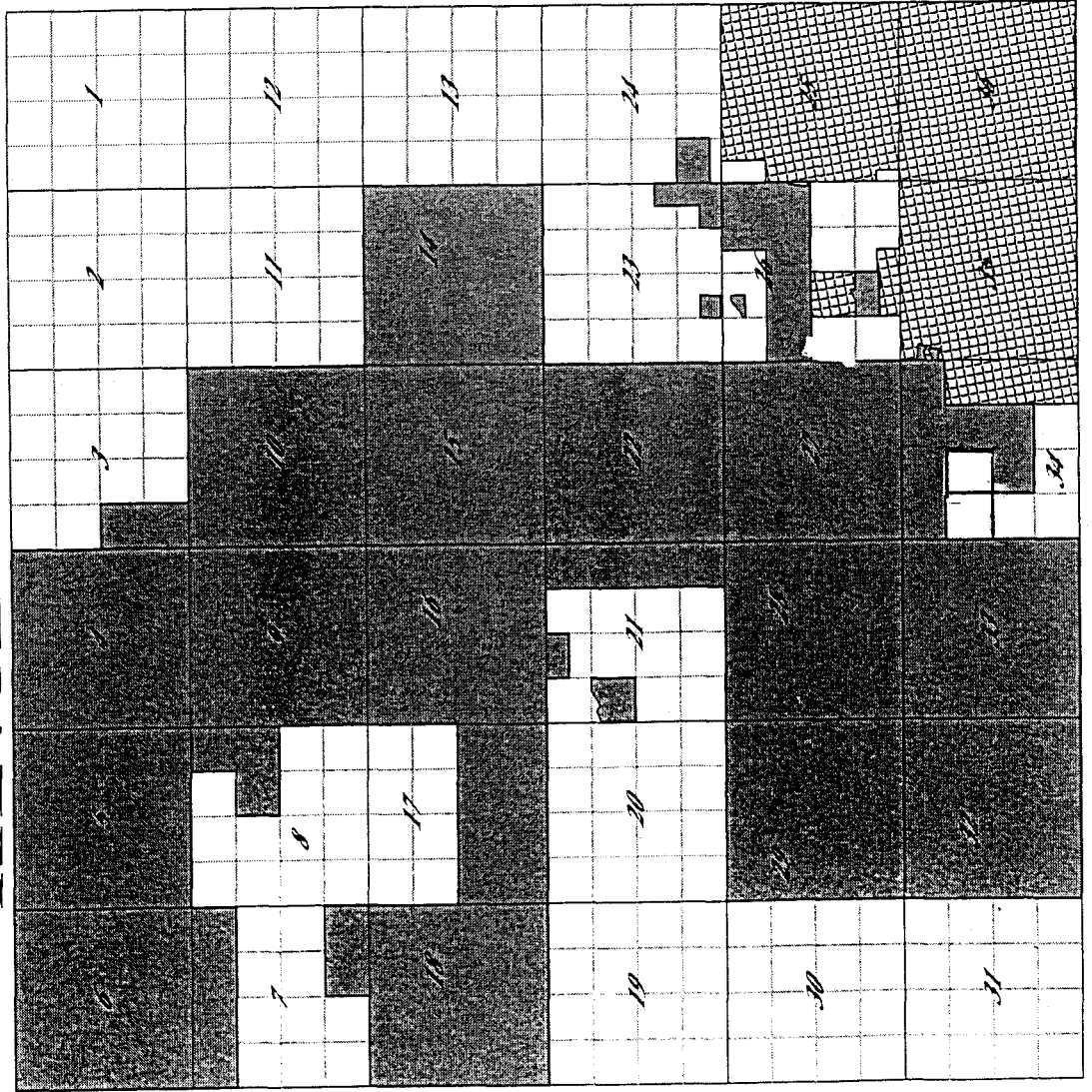
TOWNSHIP 6 North



W-1452 (4)  
Cave Creek Water Company



C-0023 (3)  
Town of Carefree (Nonjurisdictional)



City of Scottsdale  
(South 40 Feet of Section 36)

EXHIBIT D

RESOLUTION BY UNANIMOUS CONSENT  
OF  
THE BOARD OF DIRECTORS  
OF  
CAVE CREEK WATER CO.

Pursuant to A.R.S. § 10-821, the undersigned, constituting all of the members of the Board of Directors of Cave Creek Water Co., an Arizona corporation (the "Corporation"), hereby consent to, confirm, approve and adopt the following actions and resolutions with the same force and effect as if adopted at a duly called special meeting of the Board of Directors of the Corporation:

WHEREAS, certain land owners adjacent to the existing Certificate of Convenience and Necessity of the Corporation desire water service from the Corporation; and

WHEREAS, such vacant lands could provide additional growth for this portion of the Corporation's system;

NOW, THEREFORE, BE IT RESOLVED, that the Corporation's officers are authorized and directed to take any and all action deemed necessary or appropriate to expand the Corporation's certificated area by adding approximately 30.4769 acres in Section 34, Township 6 North, Range 4 East, of the Gila and Salt River Base and Meridian, Maricopa County, Arizona, commonly referred to as Carefree Views, including without limitation, filing and processing an application with the Arizona Corporation Commission.

RESOLVED, FURTHER, that the President, incidental to the President's duties to the management and operation of the Corporation, is authorized and directed to make, provide, execute, and deliver any and all statements, applications, certificates, representations, payments, notices, receipts and other instruments and documents and take any and all other actions which is or may be necessary or appropriate in connection with or to consummate any of the matters covered by the foregoing resolutions.

IN WITNESS WHEREOF, the undersigned has executed this Written Consent effective as of January 18, 2005.

  
Jerome Milton George, III, its Sole Director

Exhibit E

Indicate the estimated number of customers, by class, to be served in the new area in each of the next five years:

Residential: (cumulative)

First Year 9  
Fourth Year 9

Second Year 9  
Fifth Year 9

Third Year 9

Commercial: None

First Year \_\_\_\_\_  
Fourth Year \_\_\_\_\_

Second Year \_\_\_\_\_  
Fifth Year \_\_\_\_\_

Third Year \_\_\_\_\_

Industrial: None

First Year \_\_\_\_\_  
Fourth Year \_\_\_\_\_

Second Year \_\_\_\_\_  
Fifth Year \_\_\_\_\_

Third Year \_\_\_\_\_

Irrigation: None

First Year \_\_\_\_\_  
Fourth Year \_\_\_\_\_

Second Year \_\_\_\_\_  
Fifth Year \_\_\_\_\_

Third Year \_\_\_\_\_

Other: (specify) None

First Year \_\_\_\_\_  
Fourth Year \_\_\_\_\_

Second Year \_\_\_\_\_  
Fifth Year \_\_\_\_\_

Third Year \_\_\_\_\_



Exhibit E (cont.)

Indicate the projected annual water consumption, in gallons, for each of the customer classes in the new area for each of the next five years:

Residential: (cumulative)

First Year <u>1,137,220</u>	Second Year <u>1,137,220</u>	Third Year <u>1,137,220</u>
Fourth Year <u>1,137,220</u>	Fifth Year <u>1,137,220</u>	

Commercial: None

First Year _____	Second Year _____	Third Year _____
Fourth Year _____	Fifth Year _____	

Industrial: None

First Year _____	Second Year _____	Third Year _____
Fourth Year _____	Fifth Year _____	

Irrigation: None

First Year _____	Second Year _____	Third Year _____
Fourth Year _____	Fifth Year _____	

Other: (specify) None

First Year _____	Second Year _____	Third Year _____
Fourth Year _____	Fifth Year _____	

Exhibit F

Indicate the total estimated annual operating revenue and annual operating expenses from the new area in each of the next five years:

Revenue<sup>1</sup> (cumulative):

Residential:

First Year <u>\$7,711.20</u>	Second Year <u>\$7,711.20</u>	Third Year <u>\$7,711.20</u>
Fourth Year <u>\$7,711.20</u>	Fifth Year <u>\$7,711.20</u>	

Commercial: None

First Year _____	Second Year _____	Third Year _____
Fourth Year _____	Fifth Year _____	

Industrial: None

First Year _____	Second Year _____	Third Year _____
Fourth Year _____	Fifth Year _____	

Irrigation: None

First Year _____	Second Year _____	Third Year _____
Fourth Year _____	Fifth Year _____	

Other: (specify) None

First Year _____	Second Year _____	Third Year _____
Fourth Year _____	Fifth Year _____	

<sup>1</sup> The estimate of revenues is based upon \$71.40 per customer per month, which was the average revenue received by CCWC from the average residential customer during 2003.

Exhibit F (cont.)

Expenses<sup>2</sup> (cumulative):

Residential:

First Year \$7,452  
Fourth Year \$7,452

Second Year \$7,452  
Fifth Year \$7,452

Third Year \$7,452

Commercial:

First Year \_\_\_\_\_  
Fourth Year \_\_\_\_\_

Second Year \_\_\_\_\_  
Fifth Year \_\_\_\_\_

Third Year \_\_\_\_\_

Industrial:

First Year \_\_\_\_\_  
Fourth Year \_\_\_\_\_

Second Year \_\_\_\_\_  
Fifth Year \_\_\_\_\_

Third Year \_\_\_\_\_

Irrigation:

First Year \_\_\_\_\_  
Fourth Year \_\_\_\_\_

Second Year \_\_\_\_\_  
Fifth Year \_\_\_\_\_

Third Year \_\_\_\_\_

Other: (specify) \_\_\_\_\_

First Year \_\_\_\_\_  
Fourth Year \_\_\_\_\_

Second Year \_\_\_\_\_  
Fifth Year \_\_\_\_\_

Third Year \_\_\_\_\_

---

<sup>2</sup> The estimated expenses are based upon a cost of \$69.00 per customer per month which was the average expense of CCWC for the average residential customer during 2003.

## EXHIBIT G

COMPANY NAME

Cave Creek Water Co.

BALANCE SHEET

Acct No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	<b>ASSETS</b>		
	<b>CURRENT AND ACCRUED ASSETS</b>		
131	Cash	\$ 336,039	\$ 370,815
134	Working Funds		
135	Temporary Cash Investments		
141	Customer Accounts Receivable	109,638	133,236
146	Notes/Receivables from Associated Companies		
151	Plant Material and Supplies		
162	Prepayments	4,342	8,401
174	Miscellaneous Current and Accrued Assets	196	196
	<b>TOTAL CURRENT AND ACCRUED ASSETS</b>	\$ 450,215	\$ 512,648
	<b>FIXED ASSETS</b>		
101	Utility Plant in Service	\$ 9,254,068	\$ 9,556,608
103	Property Held for Future Use		
105	Construction Work in Progress		
108	Accumulated Depreciation - Utility Plant	3,495,742	3,765,326
121	Non-Utility Property		
122	Accumulated Depreciation - Non Utility		
	<b>TOTAL FIXED ASSETS</b>	\$ 5,758,326	\$ 5,791,017
	<b>TOTAL ASSETS</b>	\$ 6,208,541	\$ 6,303,930

NOTE: The Assets on this page should be equal to Total Liabilities and Capital on the following page.

COMPANY NAME Cave Creek Water Co.

BALANCE SHEET (CONTINUED)

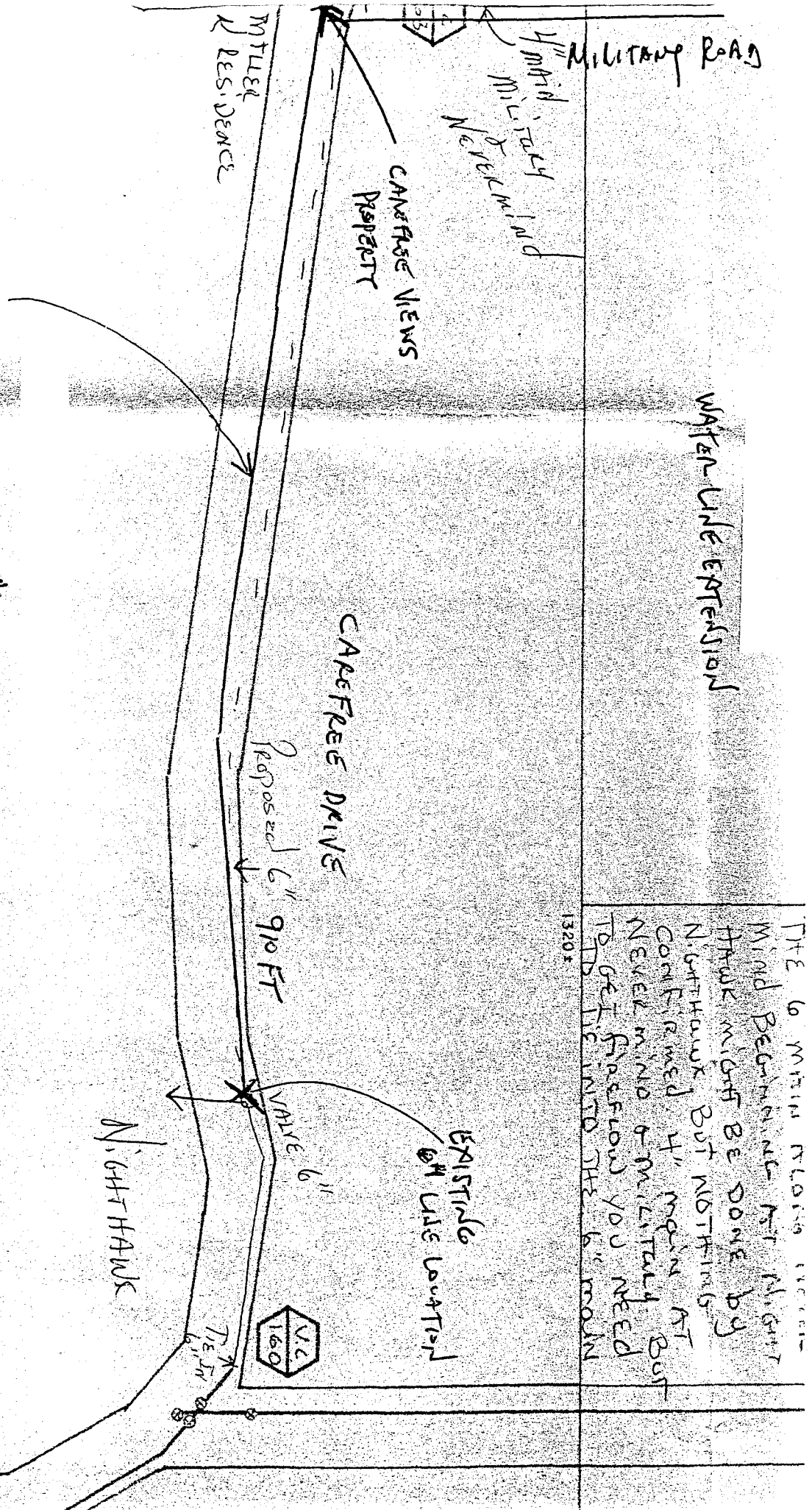
Acct. No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	<b>LIABILITIES</b>		
	<b>CURRENT LIABILITIES</b>		
231	Accounts Payable	\$ 414,382	\$
232	Notes Payable (Current Portion)		
234	Notes/Accounts Payable to Associated Companies		
235	Customer Deposits	78,251	96,008
236	Accrued Taxes		
237	Accrued Interest	175,667	191,545
241	Miscellaneous Current and Accrued Liabilities	8,497	8,661
	<b>TOTAL CURRENT LIABILITIES</b>	\$ 676,791	\$ 296,214
	<b>LONG-TERM DEBT (Over 12 Months)</b>		
224	Long-Term Notes and Bonds	\$ 127,752	\$ 127,752
	<b>DEFERRED CREDITS</b>		
251	Unamortized Premium on Debt	\$	\$
252	Advances in Aid of Construction	1,828,816	1,812,302
255	Accumulated Deferred Investment Tax Credits		
271	Contributions in Aid of Construction	4,605,369	4,605,369
272	Less: Amortization of Contributions		
281	Accumulated Deferred Income Tax		
	<b>TOTAL DEFERRED CREDITS</b>	\$ 6,434,185	\$ 6,545,423
	<b>TOTAL LIABILITIES</b>	\$ 7,238,734	\$ 6,841,637
	<b>CAPITAL ACCOUNTS</b>		
201	Common Stock Issued	\$ 31,250	\$ 31,250
211	Paid in Capital in Excess of Par Value	34	34
215	Retained Earnings	(1,061,477)	(865,205)
218	Proprietary Capital (Sole Props and Partnerships)		
	<b>TOTAL CAPITAL</b>	\$ (1,030,193)	\$ (833,921)
	<b>TOTAL LIABILITIES AND CAPITAL</b>	\$ 6,208,541	\$ 6,303,930

## EXHIBIT H

COMPANY NAME Cave Creek Water Co.

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 1,399,590	\$ 1,598,146
460	Unmetered Water Revenue		
474	Other Water Revenues	373,625	130,076
	<b>TOTAL REVENUES</b>	<b>\$ 1,723,215</b>	<b>\$ 1,728,212</b>
	<b>OPERATING EXPENSES</b>		
601	Salaries and Wages	\$ 262,708	\$ 321,969
610	Purchased Water	158,599	154,684
615	Purchased Power	286,060	315,129
618	Chemicals	74,375	13,590
620	Repairs and Maintenance	35,364	30,769
621	Office Supplies and Expense	34,973	36,168
630	Outside Services	257,555	305,343
635	Water Testing	8,187	8,839
641	Rents		
650	Transportation Expenses	9,625	11,421
657	Insurance -- General Liability	9,244	16,104
659	Insurance - Health and Life	8,050	7,200
666	Regulatory Commission Expense - Rate Case		-
675	Miscellaneous Expense	5,225	6,410
403	Depreciation Expense	416,995	269,584
408	Taxes Other Than Income	137,252	129,236
408.11	Property Taxes	41,493	43,365
409	Income Tax		
	<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 1,745,706</b>	<b>\$ 1,669,811</b>
	<b>OPERATING INCOME/(LOSS)</b>	<b>\$ (22,491)</b>	<b>\$ (58,410)</b>
	<b>OTHER INCOME/(EXPENSE)</b>		
419	Interest and Dividend Income	\$ 3,200	\$ 3,064
421	Non-Utility Income	32,677	39,047
426	Miscellaneous Non-Utility Expenses		
427	Interest Expense	(26,701)	(28,347)
	<b>TOTAL OTHER INCOME/(EXPENSE)</b>	<b>\$ 9,176</b>	<b>\$ 13,764</b>
	<b>NET INCOME/(LOSS)</b>	<b>\$ (13,315)</b>	<b>\$ 72,174</b>

$$910 \text{ Ft} \times 22/5 \text{ Ft} = \underline{\underline{40020 \text{ Ft}}}$$


THE 6 WITHIN REASONING POWER  
MIND BEGINS AT RIGHT  
THAT MIGHT BE DONE BY  
NIGHTMARE BUT NOTHING  
CONFIRMED IT" MORE AT  
NEVER MIND & MENTALLY BUT  
TO GET PROOF YOU NEED  
TO LIVE INTO THE 6" MAN

**ARIZONA DEPARTMENT OF WATER RESOURCES**  
**OFFICE OF ASSURED WATER SUPPLY**  
 500 NORTH THIRD STREET  
 PHOENIX, ARIZONA 85004  
 (602) 417-2465

**NOTICE OF INTENT TO SERVE FOR PRIVATE WATER COMPANIES**

Subdivision/Development Name: CAREFREE MOUNTAIN RANCH ESTATES  
 Owner: BIGBO LLC DANNY L. SUMNER, MANAGING MEMBER

Private Water Company Name: CAVESCREEK WATER COMPANY  
 (If the water provider has several divisions, please specify in which service area the subdivision is located)

ADWR Service Area Right Number: 56-002003 ADEQ Public Water System Number: 07016  
 (Number can be found on ADWR Annual Reports) (Please indicate the number valid for this subdivision)

Is the development located within the water provider's existing operating distribution system? Yes ☒ No ☐  
 If no, will the water provider be establishing a new service area right to serve the development? Yes ☒ No ☐  
 If yes, what type of right will be used to establish the service area right? Establish new service area right  
 If the development is not within the water provider's operating distribution system, a new service area right must be established before a Certificate of Assured Water Supply will be issued. Please contact your local AMA office for more information on establishing a new service area right.

Is the development within the water provider's existing Certificate of Convenience and Necessity (CC&N)? Yes ☒ No ☐  
 If no, has an application for an extension of the CC&N been filed? Yes ☒ No ☐  
 If yes, date of submittal: 1995 Approved? Yes ☒ No ☐  
 Please include a copy of the application for extension and reference as an attachment.  
 If the development is not within the water provider's CC&N, a Certificate of Assured Water Supply will not be issued until the CC&N has been extended to include the development.

1	2	3	4	5	6
Number of Lots	Persons per Housing Unit	GPCD	Residential Demand (at/yr)	Other Demand (at/yr)	Total Annual Demand (at/yr)
<u>9</u>	<u>2.4</u>	<u>131</u>	<u>3.17</u>	<u>0.32</u>	<u>3.49</u>

The undersigned private water company (PWC) agrees to provide to the development indicated above an amount of water sufficient to satisfy the water demands of the development as estimated above. This Notice of Intent to Serve is conditioned upon the PWC's receipt of necessary approvals from the Arizona Corporation Commission and other regulatory agencies and the PWC's receipt of all necessary payments. The PWC further attests that the development is either within the boundaries of the company's existing Certificate of Convenience and Necessity or that a formal request has been filed with the Arizona Corporation Commission to extend the boundaries to include the development. The PWC further attests that the development is either within the operating distribution system or that a new service area right will be established to serve the development. The PWC acknowledges that it has reviewed the total estimated water demand of this subdivision and understands the effect of this demand on its compliance with applicable conservation targets prescribed in the management plan for the Active Management Area. This Notice of Intent To Serve Agreement is agreed to under the signature of an agent of the PWC authorized to sign the agreement:

Private Water Company's Authorized Agent (please type or print):

Signature of Authorized Agent of Private Water Company

Title

Date

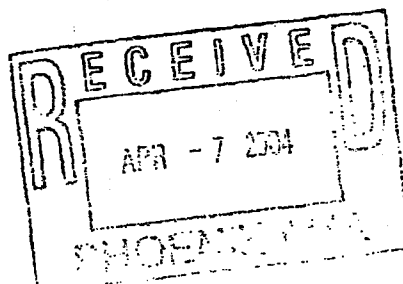
Signature of Applicant

Title

Date

MANAGING MEMBER

3-11-4





**STATE OF ARIZONA**  
**ARIZONA DEPARTMENT OF WATER RESOURCES**  
**OFFICE OF ASSURED AND ADEQUATE WATER SUPPLY**  
**500 NORTH THIRD STREET**  
**PHOENIX, ARIZONA 85004-3903**  
**(602) 417-2465**  
**Fax: (602) 417-2467**

**DATE  
RECEIVED:**

**APPLICATION NO:**

**APPLICATION FOR A CERTIFICATE OF ASSURED WATER SUPPLY**

Read guidelines BEFORE completing application. Please submit three copies of all application materials.

**PART A - GENERAL INFORMATION**

1. Name of Subdivision: CAREFREE MOUNTAIN RANCH ESTATES
2. Owner Name: BDC GO LLC Phone: 480-773-1734 Fax: 480-773-1791  
 Must indicate the legal owner of record. This is how the owner name will appear on the public notice and the Certificate of Assured Water Supply.  
 Address: 7077 EAST MARILYN RD, #152 SCOTTSDALE, AZ 85254
3. Water Provider: CAVE CREEK WATER CO. Phone: 480-488-3331 Fax: 480-488-0939  
 Address: P.O. BOX 448 16034 E. VALLEY WAY CAVE CREEK, AZ 85237
4. Consultant Name: PETER BOLUS, PINNACLE ESCA Phone: 480-585-6013 Fax: 480-585-1717  
 Address: 8712 E. VISTA BONITA DRIVE SCOTTSDALE, AZ 85255
5. Primary Contact Name: DANIEL SZARAKA Phone: 480-773-1734 Fax: 480-773-1791  
 Address: 7077 EAST MARILYN RD, #152 SCOTTSDALE, AZ 85254  
 E-Mail Address: DANIEL@DKSDEV.COM
6. Location: 6 North 4 East 34 Carefree Maricopa Pd-E-110  
 Township Range Section(s) City County AMA
7. Assessors Parcel Number(s): Book 216 Map 29 Parcel 002A  
 Book \_\_\_\_\_ Map \_\_\_\_\_ Parcel \_\_\_\_\_
8. Include three copies of the preliminary plat for the subdivision and reference as an attachment:  
 Are any changes to this plat expected prior to final approval by the local platting authority? Yes ☒ No  
 If "yes," explain: \_\_\_\_\_
9. If a final plat has been approved and recorded for this subdivision, indicate the year of approval: N/A
10. Has a Certificate of Assured Water Supply previously been issued for this property? Yes ☒ No  
 If "yes," please attach a copy of the Certificate. Please indicate why a new Certificate of Assured Water Supply is being applied for: Change of Ownership Changes to Plat Other: \_\_\_\_\_

**PART B - DEMAND ESTIMATE**

1. a. Number and size of residential lots (categorize):  
 Number of lots: 9 Size: 147,509 <sup>Avg</sup> SQ FT  
 Number of lots: \_\_\_\_\_ Size: \_\_\_\_\_ SQ FT  
 Number of lots: \_\_\_\_\_ Size: \_\_\_\_\_ SQ FT
- b. Residential lot acreage (total):  
1,398,637 Acres
- c. Number of non-residential parcels:  
0 Parcels
- d. Non-residential parcel acreage (total):  
0 Acres

SEE ATTACHED TABLE & PLAT

2. a. Provide the following estimated residential demand information at build out (refer to guidelines):

	1	2	3	4	5
	Average Persons per Housing Unit	Gallons per Person per Day	Demand per Housing Unit per Year (AF/YR)	Number of Housing Units	Total Expected Demand per Year (AF/YR)
Single Family	2.4	104	2250	9	2.52
Multi-Family	—	—	.28	—	—
Total Residential Demand					2.52

b. Indicate the source of the Average Persons per Housing Unit figure(s): AT DEPT. OF ECONOMIC SECURITY

c. Indicate the source of the Demand per Housing Unit per Year figure(s): ADWR PUP ACTIVE USE AREA

d. If applicable, indicate the total demand per lot for urban irrigation or livestock pasture: 0 af/yr  
Is this amount included in the gallons per person per day figure in question B.2.a.? Yes ☒ No  
Will irrigation or livestock water be provided by a secondary provider? Yes ☒ No  
If "yes," please see question D.1.c.

3. a. Will there be any water demands within this master plan or subdivision that are not accounted for within the residential water use rates? Yes ☒ No If "yes," please complete the following table.

Non-Residential Water Use Category:	Total Acreage or Sq. Ft.	Demand Factor af/ac or gal/Sq. Ft.	Total Demand (AF/YR)
Golf Course or other Turf-Related Facilities:	0		
Common Areas:	NEGLIGIBLE		
Schools:	0		
Parks:	0	.11 AC/FT X 9 LOTS = .99	
Landscaping for Retention/Detention Basins:	0		
Rights of Way:	✓ NEGLIGIBLE		
Community Centers:	0		
Commercial:	0		
Other Non-Residential Water Demand:	0		
Total Non-Residential Demand			.99

b. Describe assumptions and source of data used in this table: ADWR VIA CAVE CREEK H<sub>2</sub>O CO.

4. a. Projected build-out year for entire plat: 2009
- b. Indicate the estimated amount of lost and unaccounted for water, as a percentage of total deliveries: 0 %
- c. Indicate estimated water demand for construction purposes: NEGLIGIBLE

- d. Indicate total expected build-out demand, from all water sources, including construction water and lost and unaccounted for water:

3-51 af/yr

### PART C - CONSISTENCY WITH MANAGEMENT PLAN

1. Conservation requirements have been prescribed for water providers through the Management Plan for each active management area. The following information is needed to support provider efforts to meet these requirements. **If the proposed subdivision is for 50 or fewer lots, these questions need not be completed.**

- a. List current and proposed conservation ordinances which apply to this subdivision: \_\_\_\_\_

N.A.  
demand estimates rely on restrictions imposed by government ordinance, they must be attached.

- b. Will the subdivision incorporate CC&Rs or other restrictions to limit landscape water use? Yes ☒ No  
If demand estimates rely on restrictions imposed by the CC&Rs, they must be attached.
- c. Will landscaping in public rights of way conform to ADWR's Low Water Use Plant List? Yes ☒ No
- d. Generally describe any other current or proposed conservation practices, rates, fees, restrictions, policies and devices to be utilized within the subdivision to meet the conservation requirements of the Management Plan. If demand estimates rely on these conservation requirements, they must be attached.

### PART D - CONSISTENCY WITH MANAGEMENT GOAL

1. If any groundwater is proposed to be used as the source of water for this subdivision, how will the groundwater use meet the "consistency with management goal" requirement? Please check all that apply. **An applicant for a dry lot subdivision comprised of 20 or fewer lots is exempt from proving consistency with the management goal.**

☒ Enrollment of the subdivision lands in the Central Arizona Groundwater Replenishment District (Phoenix, Tucson and Pinal AMAs ONLY)

A separate application for membership must be filed with the Central Arizona Water Conservation District, and the membership documents must be executed and recorded before a Certificate will be issued.

☐ Extinguishment of grandfathered groundwater rights dedicated to this subdivision

Provide evidence and reference the attachment:

☐ Dedication of Long-Term Storage Credits (Recharge)

Provide evidence and reference the attachment:

☐ Exemption for the withdrawal and use of poor quality water pursuant to a remedial action

Provide evidence that the exemption has been granted by the Director and reference as an attachment:

☐ Exemption for the withdrawal and use of groundwater from an area exempt from conservation requirements due to waterlogging.

### PART E - LEGAL AVAILABILITY OF SOURCE WATER

1. a. Method of water distribution: ☒ central distribution system ☐ dry lot subdivision (individual wells)  
If water is to be obtained from a water provider, include the attached "Notice of Intent to Serve" agreement.

- b. If served by a central distribution system, is the water provider currently delivering water to residential customers? ☒ Yes ☐ No If "no," an appropriate water right must be acquired.

- c. Will more than one provider deliver water of any type to the subdivision? ☐ Yes ☒ No

If "yes," please list the secondary provider:

Type of water to be delivered by secondary provider: ☐ Groundwater ☐ CAP ☐ Effluent

Other: \_\_\_\_\_

For what use: ☐ Urban Irrigation (mini-farm) ☐ Livestock Grazing ☐ Other: \_\_\_\_\_

A "Notice of Intent to Serve" agreement must be submitted for both water providers.

2. If the subdivision will be receiving any water pursuant to an exchange agreement, provide a copy of the agreement and reference the attachment: N/A
3. Indicate water sources to be used:

Source of Supply	100 Year Volume (acre feet)	Required Supporting Information (reference any attached documents)
Groundwater		Indicate any grandfathered groundwater right or permit number(s) and type(s):
Central Arizona Project Water Directly Delivered	3.51	What is the term of the contract? <u>NOT REQUIRED</u> Please attach a copy and reference as an attachment: <u>PER CAVE CREEK</u>
Surface Water Directly Delivered		Surface water right number(s) and type(s) or water district name:
Effluent Directly Delivered		Name of entity providing effluent: Any related contracts or agreements (attachment):
Total 100 Year Volume		

#### PART F - FINANCIAL CAPABILITY

1. Is water service currently available to each lot? Yes ☒ No  
If "no," a completed "Verification of Construction Assurance" form (attached) must be submitted.  
If development is a dry lot subdivision, no financial assurances are required.
2. Will wells, off-site pipelines, storage or treatment facilities be constructed to serve this subdivision? Yes ☒ No  
If "yes," please provide
  - A) A description of the improvements (reference the attachment):
  - B) Evidence of financial capability (reference the attachment):
  - C) Schedule for completion of improvements (reference the attachment):

#### PART G - PHYSICAL AVAILABILITY OF SOURCE WATER

1. If the development consists of more than 20 lots, a comprehensive hydrologic study must be submitted with this application, unless the Department has previously reviewed the hydrologic conditions for this area and has issued a valid Letter of Water Availability, Physical Availability Determination or Analysis of Assured Water Supply. Please indicate the evidence of physical availability and reference as an attachment:
 

<input type="checkbox"/> Water Availability Letter	<input checked="" type="checkbox"/> Physical Availability Determination
<input type="checkbox"/> New Hydrologic Study	<input checked="" type="checkbox"/> Subdivision of less than 20 lots
<input type="checkbox"/> Other, please specify	

#### PART H - WATER QUALITY

1. If the subdivision will be served by a provider regulated by the Arizona Department of Environmental Quality, ADWR will request a report to assess the water quality of the proposed supply. It may be necessary for the applicant to provide further information in order for ADWR to determine the quality of the proposed supply. If the proposed subdivision is located within one mile of a Water Quality Assurance Revolving Fund or Superfund site, or if the proposed supply fails to meet safe drinking water quality standards, a contaminant migration analysis must be submitted. Reference either the attached study or a copy of a previous determination of water quality:

CAVE CREEK WATER CO.

## PART I - FEES

Please calculate fees by completing the appropriate items below, and include the total fees with your application. Payment may be made by cash, check, or in some cases, by entry in an existing Department fee credit account. Checks should be made payable to the Department of Water Resources. **Failure to enclose the required fees will cause the application to be returned. Fees for certificates of assured water supply are authorized by A.R.S. § 45-113.**

1. Basic Application fee (includes first 20 lots) \$250.00
2. Per-lot review fee (for lots in excess of the first 20):
- Total lots in this application
- Less first 20 lots 9 -20
- Lots subject to additional review fees            x \$0.50 per lot: \$
3. Subtotal (add items #1 and #2) **NOT TO EXCEED \$1,000** \$ 250.00
4. Credit for previously reviewed hydrologic studies  
for this property (see #F-1 above) 0.20 x Subtotal (#3) \$
5. Credit for membership in the Central  
Arizona Groundwater Replenishment District 0.20 x Subtotal (#3) \$
6. Total Credits (add items #4 and #5) \$ 0.00
7. Public Notice Fee
- Indicate the appropriate AMA and add the associated Public Notice Fee
- ✓ Phoenix AMA \$ 52.00
- Tucson AMA \$ 225.00
- Pinal AMA \$ 125.00
- Prescott AMA \$ 75.00
- Santa Cruz AMA \$ 50.00
8. **TOTAL FEE DUE** (subtract #6 from #3 and add #7) \$ 302.00

## **PART J - PUBLIC NOTICE AND APPLICATION SIGNATURE**

1. Do you want to request early public notice, pursuant to A.R.S. § 45-578? Yes ☒ No ☐  
By checking "Yes" for this question, you are certifying that you understand the Department of Water Resources will fulfill your request before its evaluation of the application has been completed. You are requesting public notice be given before the application has been determined to be correct. You are also certifying that you will bear the cost of an additional public notice if necessary. The publication of a public notice does not guarantee issuance of a Certificate of Assured Water Supply. (For more information about public notice, please see the application guidelines.)

**I DO HEREBY** certify that the information contained in this application and all information accompanying it is true and correct to the best of my knowledge and belief.

Subdivision Name: CAKEFREE MOUNTAIN RANCH ESTATES  
Owner Name (please print or type): BDEVO LLC DAPHN SZARKA MANAGING MEMBER

**Please attach a copy of the deed or title report as proof of ownership.**

Name of Owner's Authorized Agent (please type or print):                     N/A                    

Title of Owner's Authorized Agent (please type or print): \_\_\_\_\_ N/A \_\_\_\_\_

**Signature of Owner or Owner's Authorized Agent**

Date \_\_\_\_\_

ARIZONA DEPARTMENT OF WATER RESOURCES  
OFFICE OF ASSURED WATER SUPPLY  
500 NORTH THIRD STREET  
PHOENIX, ARIZONA 85004  
(602) 417-2465

NOTICE OF INTENT TO SERVE FOR PRIVATE WATER COMPANIES

Subdivision/Development Name: CAREFREE MOUNTAIN RANCH ESTATES  
Owner: BIGBO LLC DANIEL SLANKO, MANAGING MEMBER  
Private Water Company Name: CAVE CREEK WATER COMPANY  
(If the water provider has several divisions, please specify in which service area the subdivision is located)

ADWR Service Area Right Number: 56- 002008 ADEQ Public Water System Number: 07016  
(Number can be found on ADWR Annual Reports) (Please indicate the number valid for this subdivision)

Is the development located within the water provider's existing operating distribution system? Yes ☒ No  
If no, will the water provider be establishing a new service area right to serve the development? Yes ☒ No  
If yes, what type of right will be used to establish the service area right CERTIFICATE OF CONVENIENCE AND NECESSITY  
the development is not within the water provider's operating distribution system, a new service area right must be established before a Certificate of Assured Water Supply will be issued. Please contact your local AMA office for more information on establishing a new service area right.

Is the development within the water provider's existing Certificate of Convenience and Necessity (CC&N)? Yes ☒ No  
If no, has an application for an extension of the CC&N been filed? Yes ☒ No  
If yes, date of submittal: 19905 Approved? Yes ☒ No  
Please include a copy of the application for extension and reference as an attachment:  
If the development is not within the water provider's CC&N, a Certificate of Assured Water Supply will not be issued until the CC&N has been extended to include the development.

1	2	3	4	5	6
Number of Lots	Persons per Housing Unit	GPCD	Residential Demand (af/yr)	Other Demand (af/yr)	Total Annual Demand (af/yr)

The undersigned private water company (PWC) agrees to provide to the development indicated above an amount of water sufficient to satisfy the water demands of the development as estimated above. This Notice of Intent to Serve is conditioned upon the PWC's receipt of necessary approvals from the Arizona Corporation Commission and other regulatory agencies and the PWC's receipt of all necessary payments. The PWC further attests that the development is either within the boundaries of the company's existing Certificate of Convenience and Necessity or that a formal request has been filed with the Arizona Corporation Commission to extend the boundaries to include the development. The PWC further attests that the development is either within the operating distribution system or that a new service area right will be established to serve the development. The PWC acknowledges that it has reviewed the total estimated water demand of this subdivision and understands the effect of this demand on its compliance with applicable conservation targets prescribed in the management plan for the Active Management Area. This Notice of Intent To Serve Agreement is agreed to under the signature of an agent of the PWC authorized to sign the agreement:

Private Water Company's Authorized Agent (please type or print):

Signature of Authorized Agent of Private Water Company

Title

Date

Signature of Applicant

Title

Date

MANAGING MEMBER

3-11-4

**ARIZONA DEPARTMENT OF WATER RESOURCES**  
**OFFICE OF ASSURED WATER SUPPLY**  
**500 NORTH THIRD STREET**  
**PHOENIX, ARIZONA 85004**  
**(602) 417-2465**

**SUPPLEMENT TO APPLICATION**  
**FOR A CERTIFICATE OF ASSURED WATER SUPPLY**

**VERIFICATION OF CONSTRUCTION ASSURANCE**  
**FOR A PROPOSED SUBDIVISION**

To satisfy one of the requirements for obtaining a Certificate of Assured Water Supply pursuant to A.R.S. § 45-576, a developer must demonstrate financial capability to construct the water delivery system and any required storage or treatment facilities for a proposed subdivision. To fulfill this requirement, the Department will accept confirmation from the local platting authority that construction assurances will be secured prior to the sale of lots in accordance with the requirements of A.R.S. § 9-463.01 (if the platting entity is a city or town) or A.R.S. § 11-806.01 (if the platting entity is a county). This document is to be signed by the appropriate platting authority.

Section One - Subdivision Information (to be completed by applicant)

Subdivision name: CAMPFIRE MOUNTAIN RANCH ESTATES # of lots: 9  
Location by section, township & range: 6 NORTH 4 EAST County: MARICOPA  
Owner of subdivision: BDC 60 LLC  
Owner's Address: 7077 EAST MARILYN RD, #152  
SCOTTSDALE, AZ 85254

Section Two - Verification of Construction Assurance (to be completed by platting authority)

With regard to the referenced subdivision, the below-named platting authority certifies that it has or will receive construction assurances, pursuant to the appropriate statutes, for the following elements of the water delivery system (check as applicable):

☐ potable delivery system      ☐ potable storage facilities      ☐ potable treatment facilities  
☐ off-site pipeline      ☐ effluent delivery system      ☐ effluent treatment facilities  
☐ other-please specify: \_\_\_\_\_

Name-Please Print/Type	Signature	Date	Title
------------------------	-----------	------	-------

City/county name: \_\_\_\_\_ Department: \_\_\_\_\_

Address: \_\_\_\_\_ Phone #: \_\_\_\_\_

# CAREFREE MOUNTAIN RANCH ESTATES AREA SUMMARY

March 31, 2004

DS  
A-6-4

Lot No.	Lot Area (square feet)	Conservation Easement (square feet)	Building Envelope square feet)	Access Easement On Lot (square feet)
1	125,999	5,969	41,620	
2	135,598	60,950	28,382	2,602
3	133,126	22,959 36,316	33,472	12,668
4	117,796	55,382	17,246	
5	77,869	0	26,019	
6	187,878	0	38,096	
7	131,018	0	34,359	
8	194,180	14,842 18,908	23,950 14,800	Northeast Southwest 48,851
9	152,539	0	35,570	
Tract 'A'	71,577			
Total	1,327,580	215,328	293,514	64,120



ENVIRONMENTAL SERVICES  
DEPARTMENT

Albert F. Brown, RS, MPA, Director

1001 N. Central Ave., Suite 150  
Phoenix, AZ 85004



WATER AND WASTE MANAGEMENT  
DIVISION

John A. Power, PE, Division Manager

(602) 506-6666  
FAX (602) 506-6925  
(TTN) (602) 506-6704

DATE: April 21, 2003  
OWNER: Cave Creek Water Company

MCESD Project #: 2010921  
SYSTEM ID #: 0407016

## **CERTIFICATE OF APPROVAL TO PROCEED WITH STIPULATIONS**

**PROJECT DESCRIPTION:** Cave Creek CAP Water Treatment Plant, Arsenic Removal Testing of Well Water. The work includes providing piping, valves and tubing for full-scale arsenic removal testing using one of the two treatment units of the CAP plant. The test will be conducted using water from the following wells: Hazelton (55-518052); Faber (55-521032); and Vermeersch (55-518050) that have 0.050, 0.040, and 0.050 mg/l arsenic concentrations, respectively. Testing is planned over a 2-day period. The testing will consist of varying the dosage of chlorine oxidant and ferric chloride adsorbent and measuring the impact on the amount of arsenic removed from the well water.

**LOCATION:** Cave Creek, Maricopa County  
T6N, R4E, SEC 28

**PROJECT OWNER:** CAVE CREEK WATER CO.  
P.O. Box 448  
Cave Creek, AZ 85327

Pursuant to AAC Title 18, Chapter 4, Article 5, or Chapter 9, Article 8, and Maricopa County Environmental Health Code Chapters II and V, approval to construct the above-described facilities as represented in the approved plan documents on file with the Maricopa County Environmental Services Department (MCESD) is hereby given subject to the following provisions:

1. This approval allows the Owner to proceed with its short-term demonstration program. MCESD Approval to Proceed does not indicate approval or endorsement of the treatment process or that MCESD will later approve any long-term operations.
2. Testing shall be performed in accordance with the protocol and plans included in the submittal from RBF Consulting dated February 28, 2003 and subsequent communications between MCESD and RBF.
3. MCESD shall be notified a minimum 7 days prior to the start of testing and shall, at its option, witness the testing program.
4. The half of the CAP treatment plant that is tested shall be disinfected and flushed with treated CAP water from the operational half of the plant following completion of the testing program.

CAVE CREEK CAP WATER TREATMENT PLANT, ARSENIC REMOVAL TESTING OF WELL WATER  
APPROVAL TO PROCEED

DATE: April 21, 2003

Page 2 of 2

5. Spent media/sludge from the testing program shall be dried, tested, and disposed of in an approved manner following completion of the test.
6. A copy of all data and results from the testing program shall be provided to MCESD.
7. A Grade 3 daily on-site water treatment operator, certified by the Arizona Department of Environmental Quality, shall be present during the testing program. Shift foremen or other operators in charge of the facility in the absence of the Chief Operator shall be certified at a grade no lower than one grade below the grade of the facility.
8. All materials or products that come into contact with drinking water or with water treatment chemicals shall conform to ANSI/NSF 60 and 61 in accordance with AAC R18-4-119.
9. Any change that may affect the capacity, quality, flow, location or operational performance of the CAP treatment plant shall be submitted to MCESD for review, and MCESD approval shall be obtained prior to undertaking the work affected by the change.
10. This Approval to Construct is void if major modifications occur to the treatment plant without the knowledge and consent of MCESD.
11. Representative(s) of MCESD shall be allowed access to the site to conduct inspections of the treatment plant during reasonable hours.
12. The owner or operator shall make such tests and keep such records as are necessary to assure efficient operation of the treatment works. Records of plant operation shall be transmitted to MCESD monthly on forms approved by MCESD.
13. The facility has not been issued a NPDES permit, therefore no discharge to the waters of the United States as defined by sections 301, 309, 402, 404, and 502 of the Federal Clean Water Act is allowed.

If construction has not started within one year of the date of approval this approval will be void and a written extension of time shall be required.

**WATER AND WASTE MANAGEMENT DIVISION**

By Kenneth L. James FOR  
Dale G. Bodiya, PE, Manager  
Water / Wastewater Treatment Section

Plan Approval Date: April 21, 2003

cc: RBF Consulting, 16605 North 28<sup>th</sup> Ave., Suite 100, Phoenix, AZ 85032-2602  
ADEQ Drinking Water Section, 1110 W. Washington St., Phoenix, AZ 85003  
John A. Power, PE, MCESD, Division Manager  
John Kolman, RS, MCESD, Drinking Water Program  
MCESD File

EXHIBIT L

BEFORE THE BOARD OF SUPERVISORS  
OF  
MARICOPA COUNTY, STATE OF ARIZONA

IN THE MATTER OF THE APPLICATION OF  
Cave Creek Water Company

FRANCHISE

FOR A FRANCHISE

BE IT RESOLVED BY THE BOARD OF SUPERVISORS OF MARICOPA COUNTY, STATE OF ARIZONA, THAT:

WHEREAS, Cave Creek Water Company

hereinafter designed as the Grantee, doing business in Maricopa County, Arizona, has filed an application with the Board of Supervisors of Maricopa County, Arizona, bearing date of October 16, 1984, praying for the right, privilege, license and franchise to construct, maintain and operate a domestic water distribution system

for a period of twenty-five (25) years for transmission and delivery of water for domestic use.

along, upon, under and across public highways, roads, alleys and thoroughfares (excepting State Highways), within that portion of Maricopa County, Arizona, known and described as follows, to-wit:

(Attached)

and not within the confines of any incorporated city or town, and under such restrictions and limitations and upon such terms as the Board of Supervisors may provide, not inconsistent with the laws of the State of Arizona, or the orders and rules of the Corporation Commission of the State of Arizona, and that the Board take such proceedings herein as is provided by laws of the State of Arizona; and

All of Section 1, Township 5 North, Range 3 East, Gila and Salt River Base and Meridian, Maricopa County, Arizona; and

All of Sections 1, 10, 13, 24, and 36, Township 6 North, Range 3 East, Gila and Salt River Base and Meridian, Maricopa, Arizona; and

All of Sections 4, 5, and 6, Township 5 North, Range 4 East, Gila and Salt River Base and Meridian, Maricopa County, Arizona; and

All of Sections 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 26, 27, 28, 29, 32, 33, and 34 within Township 6 North, Range 4 East, Gila and Salt River Base and Meridian, Maricopa County, Arizona; and any county right-of-way along Cave Creek Road, Maricopa County, Arizona, within Sections 25 and 36 of Township 5 North, Range 3 East; Sections 8, 17, 18, 19 and 30 of Township 5 North, Range 4 East, Gila and Salt River Base and Meridian, Maricopa County, Arizona.

WHEREAS, upon filing said application, the said Board of Supervisors on the 29th day of November, 1984, ordered that public notice of the intention of said Board to make such grants be given by publishing a notice in the AZ Bus. Gazette a newspaper of general circulation, published in the County of Maricopa, State of Arizona, and that 9:00 A.M., on the 3rd day of December, 1984, at the meeting room of said Board of Supervisors located at 205 West Jefferson Street in the City of Phoenix, Arizona, be set as the time and place of hearing the said application; and

WHEREAS, the said application coming on regularly for hearing on said day and it appearing by the affidavit of the duly authorized agent of the said time and place set for the consideration of such application has been published for at least once a week for the three-week period prior to said date set forth herein, to-wit:

In the issues of the said newspaper on November 5, 12, and 19, 1984, and it appearing that no sufficient protest has been filed by the qualified electors of the said County petitioning said Board of Supervisors to deny such license and franchise, and it further appearing the best interests of Maricopa County will be served by the granting of said application and the franchise referred to therein;

NOW THEREFORE, the Board of Supervisors of Maricopa County, State of Arizona, acting on behalf of said County does hereby grant unto Cave Creek Water Company, doing business in Maricopa County, Arizona, subject to the terms, conditions and limitations hereinafter contained, the right, privilege, license and franchise to construct, maintain and operate a domestic water distribution system

\_\_\_\_\_.

for a period of twenty-five (25) years, unless earlier terminated, for the supplying of this service along, upon, under and across the public highways, roads, alleys and thoroughfares (excepting State Highways) within that portion of Maricopa County, Arizona, hereinabove described, under such restrictions and limitations and upon such terms as this Board at any time may provide, not inconsistent with the laws of the State of Arizona, or the orders and rules of the Corporation Commission of the State of Arizona, specifically providing, however, that:

- (1) All rights hereunder are granted under the express condition that the Board of Supervisors of said Maricopa County shall have the power at

any time to impose such restrictions and limitations and to make such regulations on such highways, roads, and thoroughfares as may be deemed best for the public safety, health, welfare and convenience.

- (2) All rights hereby granted shall be exercised so as to not interfere or conflict with any easements or rights-of-way heretofore granted by said Board of Supervisors and now in force.
- (3) All rights hereby granted shall be exercised so as not to interfere or conflict with any easement, either public or private, of whatsoever nature, which has been acquired in or to the proper use of said highway, roads, and thoroughfares, or any portion thereof.
- (4) All rights hereby granted shall be exercised so as not to interfere or conflict with or endanger in any way the proper use by the public of said highways, roads, and thoroughfares, or any portion thereof.
- (5) That the said Grantee shall bear all expenses incurred including damages and compensation for the alteration of the course, direction, surface, grade or alignment of any of the said highways, roads and thoroughfares necessarily made by the said grantee for the purpose of this franchise; that said grantee will maintain his equipment at his own cost and expense and will make all necessary repairs from time to time as the same may be needed, without the necessity of notice from Maricopa County. In the event the said grantee shall fail to make any repairs within ten days from the time same becomes necessary, then Maricopa County may cause the same to be made, and said grantee agrees to pay Maricopa County the cost thereof.
- (6) That all property of the franchise be installed and operated by the said grantee and shall be placed, removed or relocated, initially and throughout the term of this franchise, along, in, over, under and across the said highways, roads and thoroughfares, in such a manner and location as the Board of Supervisors or its duly authorized agents may designate. Such placement, removal or relocation shall be done at the sole expense of the grantee upon a determination by the Board of Supervisors of Maricopa County that such placement, removal or relocation is necessary.

If grantee fails or refuses to so remove or relocate, Maricopa County may so remove or relocate, at the sole expense of grantee, such expense to include any and all damages and compensation of whatsoever nature arising therefrom.


In this section the term "property" includes conduits, pipe, wires, poles, or other structures and appliances used to supply or deal in gas, electricity, lights, water, heat, refrigeration, power, telephones, telegraph, television and other public utilities.

Any finding or determination made by the Board of Supervisors pursuant hereto shall be final and binding upon the grantee whether or not such findings or determinations relates to the requirements of public safety or welfare, the use of public roads or the need for proposed improvements, and whether or not the function to be served by such removal or relocation is of a governmental or proprietary nature.

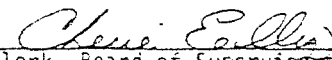
- (7) That said grantee shall indemnify and save harmless, the said County of Maricopa from all costs, expenses and liabilities in connection with the granting of this franchise and exercise of the same by them.
- (8) That the rights of any person claiming to be injured in any manner by the maintenance of said projects and equipment shall not be affected hereby.
- (9) That the terms and conditions of this franchise shall inure to the benefit of, and be binding upon, all the heirs and assigns of the said Grantee.
- (10) That the franchise and privilege herein granted shall not be deemed to be exclusive and the said Board of Supervisors hereby expressly reserves the right and power to grant from time to time similar franchises and privileges over the same territory and highways, roads and thoroughfares.
- (11) This franchise is granted upon the express condition that the Certificate of Convenience and Necessity be procured from the Corporation Commission of the State of Arizona within six months from the date of granting of this franchise; and if such Certificate is not granted within six months from said date, then this franchise to be void, otherwise to be in full force and effect for the time herein specified.

- (12) All materials and construction methods used within the public right-of-way shall conform to the applicable standards, specifications and special provisions currently in effect in Maricopa County.
- (13) The franchise holder shall obtain a construction permit from the office of the County Engineer prior to construction of any facilities in the public right-of-way.

DATED this 3rd day of December, 1984.

  
Chairman, Board of Supervisors  
Maricopa County, Arizona

ATTEST:

  
Clerk, Board of Supervisors  
Maricopa County, Arizona



# STATE OF ARIZONA



## Office of the CORPORATION COMMISSION

### CERTIFICATE OF GOOD STANDING

To all to whom these presents shall come, greeting:

I, Brian C. McNeil, Executive Secretary of the Arizona Corporation Commission, do hereby certify that

**\*\*\*CAVE CREEK WATER CO.\*\*\***

a domestic corporation organized under the laws of the State of Arizona, did incorporate on March 31, 1955.

I further certify that according to the records of the Arizona Corporation Commission, as of the date set forth hereunder, the said corporation is not administratively dissolved for failure to comply with the provisions of the Arizona Business Corporation Act; that its most recent Annual Report, subject to the provisions of A.R.S. sections 10-122, 10-123, 10-125 & 10-1622, has been delivered to the Arizona Corporation Commission for filing; and that the said corporation has not filed Articles of Dissolution as of the date of this certificate.

This certificate relates only to the legal existence of the above named entity as of the date issued. This certificate is not to be construed as an endorsement, recommendation, or notice of approval of the entity's condition or business activities and practices.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the Arizona Corporation Commission. Done at Phoenix, the Capital, this 25th Day of January, 2005, A. D.



*Brian C. McNeil*  
EXECUTIVE SECRETARY

BY: *Wonne Mendez*

EXHIBIT N

**SALMON, LEWIS & WELDON, P.L.C.**

Attorneys at Law

2850 E. Camelback Road, Suite 200  
Phoenix, Arizona 85016  
Telephone 602-801-9060  
Facsimile 602-801-9070

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M. Byron Lewis  
Stephen E. Crofton  
Mark A. McGinnis  
Karen S. Gaylord  
Kristin D. Magin  
Rebecca C. Goldberg  
Jason P. Alberts

*Writer's Direct Line*  
602-801-9062

February \_\_, 2005

*Of Counsel*  
Richard N. Morrison

*Writer's Internet Address*  
mb1@slwplc.com

BDG60 L.L.C.  
Attn: Darryl Szarka  
7077 East Maryland Road, #152  
Scottsdale, Arizona 85254

Re: Notice of Application for Extension of Certificate of  
Convenience and Necessity by Cave Creek Water Co.

Dear Mr. Szarka:

Cave Creek Water Co. ("CCWC") has filed with the Arizona Corporation Commission ("Commission") an application for authority to extend its Certificate of Convenience and Necessity to provide water service. Our records indicate that you are the sole property owner in the proposed extension area. If the Commission grants the application, CCWC would be the exclusive provider of water service to the proposed area. The Commission will require CCWC to provide this service under rates and charges and terms and conditions established by the Commission. The granting of the application would not necessarily prohibit an individual from providing service to themselves from individually owned facilities on their property. The application is available for inspection during regular business hours at the offices of the Commission in Phoenix at 1200 West Washington Street, and at CCWC, Post Office Box 448, Cave Creek, Arizona, 85327.

The Commission will hold a hearing on this matter. As the sole property owner, you are entitled to intervene in the proceeding. If you do not want to intervene, you may appear at the hearing and make a statement on your own behalf. You may contact the Commission at the address and telephone number listed below for the date and time of the hearing and for more information on intervention. You may not receive any further notice of the proceeding unless requested by you.

If you have any questions or concerns about this application or have any objections to its approval, or wish to make a statement in support of it, you may contact the Consumer Services Section of the Commission at 1200 West Washington Street, Phoenix, Arizona, 85007 or call 1-800-222-7000.

Sincerely,

M. Byron Lewis  
Kristin D. Magin

Exhibit N

**PUBLIC NOTICE OF AN APPLICATION FOR AN  
EXTENSION OF ITS CERTIFICATE OF CONVENIENCE AND NECESSITY  
BY CAVE CREEK WATER CO.**

Cave Creek Water Co. ("CCWC") has filed with the Arizona Corporation Commission ("Commission") an application for authority to extend its Certificate of Convenience and Necessity to provide water service. If the application is granted, CCWC would be the exclusive provider of water service to the proposed area. CCWC will be required by the Commission to provide this service under the rates and charges and terms and conditions established by the Commission. The granting of the application would not necessarily prohibit an individual from providing service to themselves from individually owned facilities on their property. The application is available for inspection during regular business hours at the offices of the Commission in Phoenix at 1200 West Washington Street, and at CCWC, Post Office Box 448, Cave Creek, Arizona, 85327.

The Commission will hold a hearing on this matter. If you are a property owner in the existing certificated area, or customer in the existing area, you may be entitled to intervene in the proceeding. If you do not want to intervene, you may appear at the hearing and make a statement on your own behalf. You may contact the Commission at the address and telephone number listed below for the date and time of the hearing and for more information on intervention. You may not receive any further notice of the proceeding unless requested by you.

If you have any questions or concerns about this application or have any objections to its approval, or wish to make a statement in support of it, you may contact the Consumer Services Section of the Commission at 1200 West Washington Street, Phoenix, Arizona, 85007 or call 1-800-222-7000.

## WATER USE DATA SHEET

NAME OF COMPANY	CAVE CREEK WATER CO
ADEQ Public Water System No.	07016

MONTH/YEAR (Last 13 Months)	NUMBER OF CUSTOMERS		GALLONS SOLD (Thousands)
DEC 04	2084		22,185,400
JAN 04	2120		26,369,100
FEB 04	2138		23,475,700
MAR 04	2178		24,260,800
APR 04	2203		27,047,800
MAY 04	2224		35,845,500
JUN 04	2238		39,469,200
JUL 04	2253		45,429,400
AUG 04	2257		42,393,700
SEPT 04	2269		39,076,700
OCT 04	2292		35,274,900
NOV 04	2300		28,502,000
DEC 04	2314		23,744,700

STORAGE TANK CAPACITY (Gallons)	NUMBER OF EACH	ARIZONA DEPT. OF WATER RESOURCES WELL I.D. NUMBER	WELL PRODUCTION (Gallons per Minute)
15,000.00	2	55-516266	100
20,000.00	1	55-518050	250
45,000.00	1	55-518052	100
100,000.00	4	55-521032	110
200,000.00	1	55-625094	50
		55-625095	50
		55-625097	10
		55-625098	100
		55-625093	50
		55-625099	30
		55-625096	10

Other Water Sources in Gallons per Minute	1400 GPM
Fire Hydrants on System	Yes No
Total Water Pumped Last 13 Months (Gallons in Thousands)	

SALMON, LEWIS & WELDON, P.L.C.

Attorneys at Law



0000015988

Riney B. Salmon II, P.C.  
John B. Weldon, Jr.  
Lisa M. McKnight  
James R. Huntwork  
Ronnie P. Hawks  
Alexandra M. Arboleda

2850 E. Camelback Road, Suite 200  
Phoenix, Arizona 85016  
Telephone 602-801-9060  
Facsimile 602-801-9070

Mr. Byron Lewis  
Stephen E. Crofton  
Mark A. McGinnis  
Karen S. Gaylord  
Kristin D. Magin  
Rebecca C. Goldberg  
Jason P. Alberts

02

Writer's Direct Line  
602-801-9062

ORIGINAL

November 30, 2004

Of Counsel

Richard N. Morrison

Writer's Internet Address  
mbk@slwplc.com

VIA HAND DELIVERY

Docket Control Center  
Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, Arizona 85007

Arizona Corporation Commission

DOCKETED

DEC 01 2004

DOCKETED BY

CMC

Re: Docket No. W-01452A-040810

Attached please find an original and thirteen copies of an amended legal description for the Application to Extend Certificate of Convenience and Necessity, Docket No. W-01452A-040810.

Sincerely,

Kristin Magin

Enclosures

cc: Tom Rief

DOCKET CONTROL  
AZ CORP COMMISSION

2004 DEC -1 A 10:16

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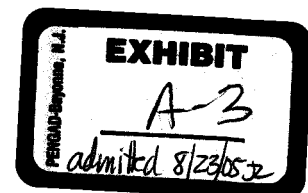


EXHIBIT A

**LEGAL DESCRIPTION**

THAT PART OF THE LITTLE HOPE MINING CLAIM IN THE NORTHWEST QUARTER OF THE NORTHEAST QUARTER AND IN THE SOUTHWEST QUARTER OF THE NORTHEAST QUARTER OF SECTION 4, TOWNSHIP 5 NORTH, RANGE 4 EAST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTHWEST CORNER OF THE NORTHEAST QUARTER OF THE NORTHEAST QUARTER OF SAID SECTION 4;

THENCE SOUTH 00 DEGREES 07 MINUTES 22 SECONDS EAST (RECORD SOUTH 00 DEGREES 07 MINUTES 48 SECONDS EAST) A DISTANCE OF 494.41 FEET (RECORD 494.48 FEET) TO THE TRUE POINT OF BEGINNING;

THENCE SOUTH 00 DEGREES 07 MINUTES 22 SECONDS EAST (RECORD SOUTH 00 DEGREES 07 MINUTES 48 SECONDS EAST) A DISTANCE OF 1454.39 FEET (RECORD 1454.42 FEET);

THENCE SOUTH 77 DEGREES 30 MINUTES 39 SECONDS WEST (RECORD SOUTH 77 DEGREES 30 MINUTES 35 SECONDS WEST) A DISTANCE OF 26.03 FEET;

THENCE NORTH 20 DEGREES 40 MINUTES 50 SECONDS WEST A DISTANCE OF 1435.12 FEET (RECORD 1435.15 FEET);

THENCE NORTH 77 DEGREES 29 MINUTES 46 SECONDS EAST (RECORD NORTH 77 DEGREES 32 MINUTES EAST) A DISTANCE OF 541.99 FEET TO THE TRUE POINT OF BEGINNING.

COPY

Simon, Lewis & Weldon, P.L.C.

Attorneys at Law

2850 E. Camelback Road, Suite 200

Phoenix, Arizona 85016

Telephone 602-801-9060

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ledm@sluplk.com

Arizona Corporation Commission

DOCKETED

February 7, 2005

FEB 07 2005

AZ CORP COMMISSION  
DOCUMENT CONTROL

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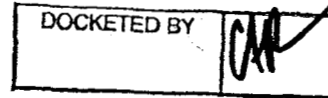
Jim Fisher

Executive Consultant, Utilities Division

Arizona Corporation Commission

1200 West Washington Street

Phoenix, Arizona 85007



Re: Cave Creek Water Co. ("CCWC") Application for an Extension of its Certificate of Convenience and Necessity ("CC&N") Docket W-01452A-04-0810 (the "Application")

Dear Mr. Fisher:

In response to your December 7, 2004 insufficiency letter for the above referenced Application and on behalf of CCWC, please find responses to your requested information to complete the Application. I have numbered the responses to correspond to the items in the insufficiency letter and restated the language from the insufficiency letter in underline form.

1. Please provide a drinking water design report which clarifies how water will be provided to the proposed CC&N. The report should identify existing and future sources, the capacities of existing sources, the estimated capacities of future sources and any existing demand on the present water sources. The report should include the estimated water demand from a typical dwelling unit, the estimate demand from the proposed CC&N. The report should identify the location of future and existing transmission mains and include the timing or construction phasing of facilities. The design report should describe water quality and address any water quality problems with the existing and future sources of water (as an example, will extra treatment costs arise in order to meet existing or future maximum contaminant levels for arsenic nitrates or fluorides in the drinking water?).

Attached hereto as Exhibit 1 please find a description by Pinnacle Engineering, Inc., describing the water line extension to the property which is the subject of the Application (the "Property"), clarifying how water will be provided to the proposed CC&N. The facilities will be constructed as soon as the final plat is approved by the Town of Cave Creek. The owner estimates it will take approximately 10 - 18 months to complete the facilities from the date hereof (including the time to obtain approval of the final plat).

CCWC currently has a CAP water delivery contract for the delivery of up to 1,600 acre feet of water per year, and the Arizona Department of Water Resources ("ADWR") recognizes 630 acre feet of groundwater as available to meet the company's current and committed water

February 7, 2005

Page 2

demands. ADWR records currently show 2,195 acre feet of water demand for lots associated with Certificates of Assured Water Supply, committed demand associated with non-Certificated parcels (with a .35 acre feet per lot per year use) and non-residential demand. CCWC is currently working with ADWR to reduce the amount of water deemed Certificated and/or committed to non-Certificated parcels. Actual demands of CCWC are significantly lower, as many of the developments were not developed to the number of lots showing on the recorded plats, or where not developed at all. In addition, a large portion of the non-residential demand is not a permanent allocation of water and is regarded as available for use by future developers. Notwithstanding the adjustments CCWC is currently pursuing with ADWR regarding its water budget, ADWR recognizes that CCWC currently has sufficient water availability to serve the Property. In addition, CCWC will receive an additional 806 acre feet allotment of CAP water in the future pursuant to the terms of the GRIC Settlement.

The estimated demand from a typical dwelling unit is .35 acre feet within CCWC's service area. The projected annual water consumption, in gallons, for the Property in the next five years is shown on Exhibit E of the Application as 195,500 in the first year, 293,250 in the second year, 391,000 in the third year and 488,750 in the fourth and fifth years.

CCWC is regulated by the Arizona Department of Environmental Quality ("ADEQ") in relation to water quality. CCWC's water complies with current standards for water quality. In January 2006, new arsenic standards for well water will come into effect. CCWC has submitted its plan for arsenic removal to ADEQ and has commenced testing of its plan. Attached hereto as Exhibit 2 is a copy of ADEQ's Certificate of Approval to Proceed with Stipulations of CCWC's testing plan for arsenic removal. Results of the testing will be analyzed by a certified lab and provided to ADEQ promptly upon completion.

2. Please provide a copy of the Arizona Department of Water Resources Analysis of Adequate Water Supply for the proposed service territory.

The Property is located within the Phoenix Active Management Area, however, a Certificate of Assured Water Supply from ADWR is not necessary pursuant to A.R.S. § 45-576 because the development proposed for the Property does not constitute "subdivided lands" as defined in A.R.S. § 32-2101. However, owner has completed the Certificate of Assured Water Supply Demand Calculator worksheet attached hereto as Exhibit 3 to provide the Commission with an analysis of water demand and adequate water supply for the Property.

3. Please provide any other information which will allow the Commission to analyze and conclude that the company has sufficient water production capacity, or can develop enough drinking water capacity to service the existing and future demands from the proposed CC&N.

Please see the information contained in responses 1 and 2. CCWC has sufficient water availability to provide water to the Property in the proposed CC&N.



February 7, 2005

Page 3

4. Please provide a set of design plans for the proposed water facilities.

Please find attached as Exhibit 4 a set of design plans depicting the proposed location of the water line to serve the Property.

5. Please provide an estimate of the water facilities costs to Cave Creek Water Company, necessary to serve the proposed CC&N extension. The costs should include a description of the major components with the cost of the component (i.e., wells, number and size of storage tanks, etc.). The method of financing for the major components should be described specifically.

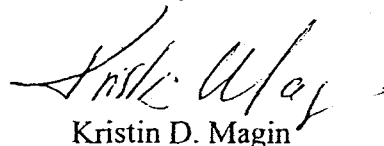
The water facilities are estimated to cost approximately \$61,000 to serve the Property. The major cost components will be the extension of the existing 6 inch water line for approximately 1000 feet and a booster pump. Necessary facilities will be financed primarily through advances in aid of construction, which are subject to Commission review and approval. CCWC will submit a line extension agreement to the Commission for its review and approval as soon as CCWC and the Property owner enter into such an agreement. Prior to entering into a line extension agreement, the Property must first be brought into CCWC's CC&N, the final plat must be approved and final engineering plans must be approved by CCWC.

6. Please provide a copy of the Municipal Franchise for the requested area.

Attached hereto as Exhibit 5 please find a copy of CCWC's Municipal Franchise.

Please feel free to contact me with any additional questions or comments regarding the foregoing information.

Sincerely,



Kristin D. Magin

Enclosures

cc: Docket Control  
Derald Ulmer  
Jay George  
Tom Rief



**PINNACLE  
ENGINEERING, INC.**

- CIVIL ENGINEERING - LAND SURVEYING -

January 11, 2005

Cave Creek Water Company  
P.O. Box 448  
Cave Creek, Arizona 85327

ATTN: Development Services Department  
RE: Black Mountain Vistas (Job #108026)

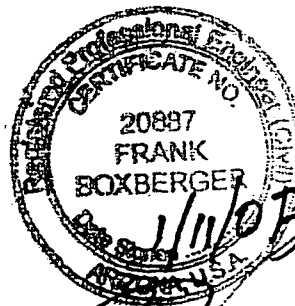
Black Mountain Vistas is located in a portion of the northeast quarter of Section 4 Township 5 North, Range 4 East. Water Supply for the extension is from the existing 6-inch water line located at the intersection of Sunset Trail (Alignment) and Sentinel Rock Road.

One connection will be made to the existing 6-inch water line with a tapping sleeve and valve. A booster pump will be installed along with approximately 1,013 feet of 6-inch ductile iron pipe and two capped ends will be just beyond the end of Sunset Trail (Alignment) cul-de-sac and the east property line along Sentinel Rock Road.

It has been determined that reserves are available in excess of the required domestic and fire supply demand for the proposed improvements. Pinnacle Engineering Inc., has reviewed the schematic layout and found the existence of adequate pressure and deliverable gallons per minute with the installation of the proposed booster pump for the improvements. Please feel free to contact me if you have any questions, (480) 585-6013.

Sincerely,

  
Frank Boxberger, P.E.



Black Mountain Vistas - A Portion of the NE 1/4 Section 4 T5N, R4E (Job #108026)

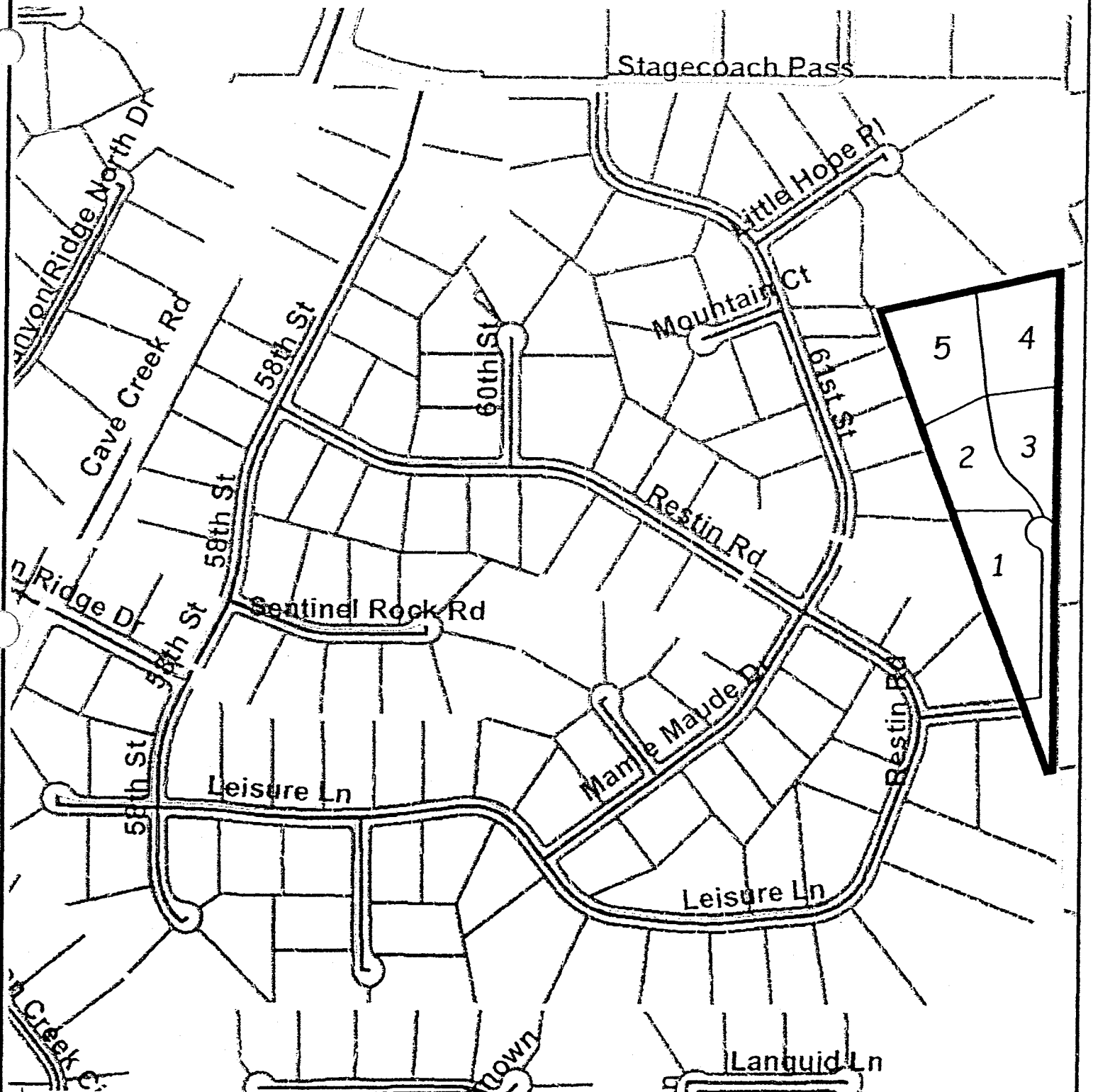


EXHIBIT 1



**PINNACLE  
ENGINEERING, INC.**

8712 EAST VISTA BONITA  
SCOTTSDALE, ARIZONA 85255 • (480) 585-6013  
EMAIL: support@pinnacleengineers.com FAX (480) 585-1717

SCALE: 1"= 400'

ENVIRONMENTAL SERVICES  
DEPARTMENT

Albert F. Brown, RS, MPA, Director

1001 N. Central Ave., Suite 150  
Phoenix, AZ 85004WATER AND WASTE MANAGEMENT  
DIVISION

John A. Power, PE, Division Manager

(602) 506-6666  
FAX (602) 506-6925  
(TTN) (602) 506-6704DATE: April 21, 2003  
OWNER: Cave Creek Water CompanyMCESD Project #: 2010921  
SYSTEM ID #: 0407016**CERTIFICATE OF APPROVAL TO PROCEED  
WITH STIPULATIONS**

**PROJECT DESCRIPTION:** Cave Creek CAP Water Treatment Plant, Arsenic Removal Testing of Well Water. The work includes providing piping, valves and tubing for full-scale arsenic removal testing using one of the two treatment units of the CAP plant. The test will be conducted using water from the following wells: Hazelton (55-518052); Faber (55-521032); and Vermeersch (55-518050) that have 0.050, 0.040, and 0.050 mg/l arsenic concentrations, respectively. Testing is planned over a 2-day period. The testing will consist of varying the dosage of chlorine oxidant and ferric chloride adsorbent and measuring the impact on the amount of arsenic removed from the well water.

**LOCATION:** Cave Creek, Maricopa County  
T6N, R4E, SEC 28

**PROJECT OWNER:** CAVE CREEK WATER CO.  
P.O. Box 448  
Cave Creek, AZ 85327

Pursuant to AAC Title 18, Chapter 4, Article 5, or Chapter 9, Article 8, and Maricopa County Environmental Health Code Chapters II and V, approval to construct the above-described facilities as represented in the approved plan documents on file with the Maricopa County Environmental Services Department (MCESD) is hereby given subject to the following provisions:

1. This approval allows the Owner to proceed with its short-term demonstration program. MCESD Approval to Proceed does not indicate approval or endorsement of the treatment process or that MCESD will later approve any long-term operations.
2. Testing shall be performed in accordance with the protocol and plans included in the submittal from RBF Consulting dated February 28, 2003 and subsequent communications between MCESD and RBF.
3. MCESD shall be notified a minimum 7 days prior to the start of testing and shall, at its option, witness the testing program.
4. The half of the CAP treatment plant that is tested shall be disinfected and flushed with treated CAP water from the operational half of the plant following completion of the testing program.

CAVE CREEK CAP WATER TREATMENT PLANT, ARSENIC REMOVAL, TESTING OF WELL WATER  
APPROVAL TO PROCEED

DATE: April 21, 2003

Page 2 of 2

5. Spent media/sludge from the testing program shall be dried, tested, and disposed of in an approved manner following completion of the test.
6. A copy of all data and results from the testing program shall be provided to MCESD.
7. A Grade 3 daily on-site water treatment operator, certified by the Arizona Department of Environmental Quality, shall be present during the testing program. Shift foremen or other operators in charge of the facility in the absence of the Chief Operator shall be certified at a grade no lower than one grade below the grade of the facility.
8. All materials or products that come into contact with drinking water or with water treatment chemicals shall conform to ANSI/NSF 60 and 61 in accordance with AAC R18-4-119.
9. Any change that may affect the capacity, quality, flow, location or operational performance of the CAP treatment plant shall be submitted to MCESD for review, and MCESD approval shall be obtained prior to undertaking the work affected by the change.
10. This Approval to Construct is void if major modifications occur to the treatment plant without the knowledge and consent of MCESD.
11. Representative(s) of MCESD shall be allowed access to the site to conduct inspections of the treatment plant during reasonable hours.
12. The owner or operator shall make such tests and keep such records as are necessary to assure efficient operation of the treatment works. Records of plant operation shall be transmitted to MCESD monthly on forms approved by MCESD.
13. The facility has not been issued a NPDES permit, therefore no discharge to the waters of the United States as defined by sections 301, 309, 402, 404, and 502 of the Federal Clean Water Act is allowed.

If construction has not started within one year of the date of approval this approval will be void and a written extension of time shall be required.

**WATER AND WASTE MANAGEMENT DIVISION**

By Kenneth L. Jones FOR  
Dale G. Bodiya, PE, Manager  
Water / Wastewater Treatment Section

Plan Approval Date: April 21, 2003

cc: RBF Consulting, 16605 North 28<sup>th</sup> Ave., Suite 100, Phoenix, AZ 85032-2602  
ADEQ Drinking Water Section, 1110 W. Washington St., Phoenix, AZ 85003  
John A. Power, PE, MCESD, Division Manager  
John Kolman, RS, MCESD, Drinking Water Program  
MCESD File

## EXHIBIT 3

## BLACK MOUNTAIN VISTAS SUBDIVISION

January 3, 2005		CERTIFICATE OF ASSURED WATER SUPPLY DEMAND CALCULATOR				
Enter the AMA the subdivision is located in*		PHX				
* Enter PHX for Phoenix, TUC for Tucson, PIN for Pinal, PRE for Prescott or SCR for Santa Cruz. If you are not located within an AMA, or are not sure which AMA you are located in, contact the Office of Assured and Adequate Water Supply at (502) 417-2465.						
<b>Residential Usage*</b>						
Category	PPHU	GPCD or per house/day	Demand/HU/YR (all/yr)	No. HU (Lots)	Residential Demand/Yr (all/yr)	
Single Family (int)	2.42	57.00	0.15	5.00	0.77	
Multi-Family (int)		57.00	0.00		0.00	
Single Family Landscape (ext)	1.00	178.00	0.20	5.00	1.00	
Multi-Family Landscape (ext)	1.00	77.00	0.09	0.00	0.00	
Single family Demand/HU/YR			4.39			
Multifamily Demand/HU/YR			0.09			
**NOTE: If the application is in the Pinal AMA, and lot sizes are no greater than 10,000 sq. ft., 125 GPCD is used to estimate both interior and exterior demand for single family homes. Do not enter lot numbers under the Landscape rows. Contact the Office of Assured and Adequate Water Supply for more information.						
	Square Feet	Acres	Demand Factor (all/yr)	No. HU (Lots)	Large Lot Adjustment Demand/Yr (all/yr)	
Average Lot Size (sq. ft)**	65000.00	1.49				
TMP Model Lot Size (sq. ft.)	7,500 - 10,000	0.17 - 0.23				
Large Lot Adjustment	55000.00	1.26				
1/2 low water use	27500.00	0.63	1.50	5.00	4.73	
1/2 turf	27500.00	0.63	4.90	5.00	15.47	
***NOTE: If the subdivision contains several groupings of lot sizes, the large lot adjustment needs to be calculated for each grouping of large lot sizes. Contact the Office of Assured and Adequate Water Supply for assistance in calculating the large lot adjustment for subdivisions with several groupings of large lot sizes.						
<b>Total Residential Demand</b>					<b>21.97</b>	
<b>Non-Residential Usage***</b>						
For each category please enter either square feet or acres of land for that type of non-residential use within your subdivision.						
Category	Square Feet	Acres	Demand Factor (all/yr)	Non-Residential Demand (all/yr)		
Common Area1		0.00	1.50 low water use	0.00		
Common Area2		0.00	4.90 turf	0.00		
Right of Way		0.00	1.50 low water use	0.00		
Golf Course		0.00	AMA Turf Program - contact AMA	0.00		
Commercial use		0.00	2.25 all acres	0.00		
Public Pool (length x width = square feet)		0.00	AMA TMP model pool	0.00		
Parks1		0.00	1.50 low water use	0.00		
Parks2		0.00	4.90 turf	0.00		
Retention/Detention Basins		0.00	1.50 low water use	0.00		
Retention/Detention Basins		0.00	4.90 turf	0.00		
School Landscape1		0.00	1.50 low water use	0.00		
School Landscape2		0.00	4.90 turf	0.00		
School interior****		0.00	25 GPCD interior demand	0.00		
***NOTE: If application is for a change of ownership from a previously issued Certificate of Assured Water Supply, and is for only a portion of the original Certificate, contact the Office of Assured and Adequate Water Supply to pro-rate non-residential area acreage.						
****NOTE: For school interior demand, enter the number of students. If the proposed school is a high school or middle school, the demand factor is 43 GPCD.						
<b>Total Non-Residential Demand</b>					<b>0.00</b>	
<b>Distribution Losses</b>						
Demand all/yr	Residential	Non-Residential	Total	Loss Factor %	Distribution Losses (all/yr)	
	21.97	0.00	21.97	10.00	2.20	
<b>Construction</b>						
	No. of Lots	Demand (gals/lot)	100 yr demand (all)	Construction Demand (all/yr)		
	5.00	10000.00	0.15	0.00		
<b>Total Demand Per Year</b>						
Residential Usage all/yr	21.97	Non-Residential Usage	Lost & Unaccounted for	Construction	Total Non-Res	Total Demand Per Year (all/yr)
		0.00	2.20	0.00	2.20	24.17
<b>Residential Usage GPCD</b>	1621					<b>Total Demand GPCD</b>
						1783
<b>Annual Build Out Demand</b>	24.17					

DISSEMINATION WILL BE REQUIRED TO BE  
CONSTRUCTED.

40' TRACT

24' BC-BC

10.5' FC

12' BC

18" RIBBON CURB

6'  
SHOULDER

3% TYPICAL CROSS SLOPE

WATER LINE

COMMUNICATIONS AND  
DRY UTILITIES

TYPICAL STREET CROSS-SECTION  
NTS

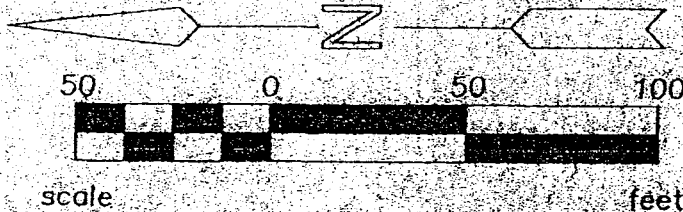
9.14 Acres

R1-35

5 Lots

200 square feet

211-99-006

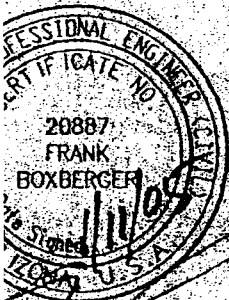


SCALE: 1" = 50'

IONS:  
CT @ NOTE PER CLIENT AND  
EST JR 1-11-05

## PRELIMINARY PLAT FOR BLACK MOUNTAIN VISTAS

DESIGN	DRAWN	CHECKED	DATE	FILE NAME	SHEET
FB	JR	PB	10-03	108026	1 OF 3



NUMBER  
08026



### PINNACLE ENGINEERING, INC.

8712 EAST VISTA BONITA DRIVE  
SCOTTSDALE, ARIZONA 85255 • (480) 585-6013  
EMAIL: support@pinnacleengineers.com FAX (480) 585-1777

EXHIBIT 4

EXHIBIT 5

BEFORE THE BOARD OF SUPERVISORS

OF

MARICOPA COUNTY, STATE OF ARIZONA

IN THE MATTER OF THE APPLICATION OF }

Cave Creek Water Company }

FRANCHISE

FOR A FRANCHISE

BE IT RESOLVED BY THE BOARD OF SUPERVISORS OF MARICOPA COUNTY, STATE OF ARIZONA, THAT:

WHEREAS, Cave Creek Water Company

hereinafter designed as the Grantee, doing business in Maricopa County, Arizona, has filed an application with the Board of Supervisors of Maricopa County, Arizona, bearing date of October 16, 1984, praying for the right, privilege, license and franchise to construct, maintain and operate a domestic water distribution system

for a period of twenty-five (25) years for transmission and delivery of water for domestic use.

along, upon, under and across public highways, roads, alleys and thoroughfares (excepting State Highways), within that portion of Maricopa County, Arizona, known and described as follows, to-wit:

(Attached)

and not within the confines of any incorporated city or town, and under such restrictions and limitations and upon such terms as the Board of Supervisors may provide, not inconsistent with the laws of the State of Arizona, or the orders and rules of the Corporation Commission of the State of Arizona, and that the Board take such action as may be necessary to carry out the foregoing.



All of Section 1, Township 5 North, Range 3 East, Gila and Salt River Base and Meridian, Maricopa County, Arizona; and

All of Sections 1, 10, 13, 24, and 36, Township 6 North, Range 3 East, Gila and Salt River Base and Meridian, Maricopa, Arizona; and

All of Sections 4, 5, and 6, Township 5 North, Range 4 East, Gila and Salt River Base and Meridian, Maricopa County, Arizona; and

All of Sections 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 26, 27, 28, 29, 32, 33, and 34 within Township 6 North, Range 4 East, Gila and Salt River Base and Meridian, Maricopa County, Arizona; and any county right-of-way along Cave Creek Road, Maricopa County, Arizona, within Sections 25 and 36 of Township 5 North, Range 3 East; Sections 8, 17, 18, 19 and 30 of Township 5 North, Range 4 East, Gila and Salt River Base and Meridian, Maricopa County, Arizona.

WHEREAS, upon filing said application, the said Board of Supervisors on the 29th day of November, 1984, ordered that public notice of the intention of said Board to make such grants be given by publishing a notice in the AZ Bus. Gazette a newspaper of general circulation, published in the County of Maricopa, State of Arizona, and that 9:00 A.M., on the 3rd day of December, 1984, at the meeting room of said Board of Supervisors located at 205 West Jefferson Street in the City of Phoenix, Arizona, be set as the time and place of hearing the said application; and

WHEREAS, the said application coming on regularly for hearing on said day and it appearing by the affidavit of the duly authorized agent of the said time and place set for the consideration of such application has been published for at least once a week for the three-week period prior to said date set forth herein, to-wit:

In the issues of the said newspaper on November 5, 12, and 19, 1984, and it appearing that no sufficient protest has been filed by the qualified electors of the said County petitioning said Board of Supervisors to deny such license and franchise, and it further appearing the best interests of Maricopa County will be served by the granting of said application and the franchise referred to therein;

NOW THEREFORE, the Board of Supervisors of Maricopa County, State of Arizona, acting on behalf of said County does hereby grant unto Cave Creek Water Company, doing business in Maricopa County, Arizona, subject to the terms, conditions and limitations hereinafter contained, the right, privilege, license and franchise to construct, maintain and operate a domestic water distribution system

for a period of twenty-five (25) years, unless earlier terminated, for the supplying of this service along, upon, under and across the public highways, roads, alleys and thoroughfares (excepting State Highways) within that portion of Maricopa County, Arizona, hereinabove described, under such restrictions and limitations and upon such terms as this Board at any time may provide, not inconsistent with the laws of the State of Arizona, or the orders and rules of the Corporation Commission of the State of Arizona, specifically providing, however, that:

- (1) All rights hereunder are granted under the express condition that the Board of Supervisors of said Maricopa County shall have the power at

any time to impose such restrictions and limitations and to make such regulations on such highways, roads, and thoroughfares as may be deemed best for the public safety, health, welfare and convenience.

- (2) All rights hereby granted shall be exercised so as to not interfere or conflict with any easements or rights-of-way heretofore granted by said Board of Supervisors and now in force.
- (3) All rights hereby granted shall be exercised so as not to interfere or conflict with any easement, either public or private, of whatsoever nature, which has been acquired in or to the proper use of said highway, roads, and thoroughfares, or any portion thereof.
- (4) All rights hereby granted shall be exercised so as not to interfere or conflict with or endanger in any way the proper use by the public of said highways, roads, and thoroughfares, or any portion thereof.
- (5) That the said Grantee shall bear all expenses incurred including damages and compensation for the alteration of the course, direction, surface, grade or alignment of any of the said highways, roads and thoroughfares necessarily made by the said grantee for the purpose of this franchise; that said grantee will maintain his equipment at his own cost and expense and will make all necessary repairs from time to time as the same may be needed, without the necessity of notice from Maricopa County. In the event the said grantee shall fail to make any repairs within ten days from the time same becomes necessary, then Maricopa County may cause the same to be made, and said grantee agrees to pay Maricopa County the cost thereof.
- (6) That all property of the franchise be installed and operated by the said grantee and shall be placed, removed or relocated, initially and throughout the term of this franchise, along, in, over, under and across the said highways, roads and thoroughfares, in such a manner and location as the Board of Supervisors or its duly authorized agents may designate. Such placement, removal or relocation shall be done at the sole expense of the grantee upon a determination by the Board of Supervisors of Maricopa County that such placement, removal or relocation is necessary.

If grantee fails or refuses to so remove or relocate, Maricopa County may so remove or relocate, at the sole expense of grantee, such expense to include any and all damages and compensation of whatsoever nature arising therefrom.

In this section the term "property" includes conduits, pipe, wires, poles, or other structures and appliances used to supply or deal in gas, electricity, lights, water, heat, refrigeration, power, telephones, telegraph, television and other public utilities.

Any finding or determination made by the Board of Supervisors pursuant hereto shall be final and binding upon the grantee whether or not such findings or determinations relates to the requirements of public safety or welfare, the use of public roads or the need for proposed improvements, and whether or not the function to be served by such removal or relocation is of a governmental or proprietary nature.

- (7) That said grantee shall indemnify and save harmless, the said County of Maricopa from all costs, expenses and liabilities in connection with the granting of this franchise and exercise of the same by them.
- (8) That the rights of any person claiming to be injured in any manner by the maintenance of said projects and equipment shall not be affected hereby.
- (9) That the terms and conditions of this franchise shall inure to the benefit of, and be binding upon, all the heirs and assigns of the said Grantee.
- (10) That the franchise and privilege herein granted shall not be deemed to be exclusive and the said Board of Supervisors hereby expressly reserves the right and power to grant from time to time similar franchises and privileges over the same territory and highways, roads and thoroughfares.
- (11) This franchise is granted upon the express condition that the Certificate of Convenience and Necessity be procured from the Corporation Commission of the State of Arizona within six months from the date of granting of this franchise; and if such Certificate is not granted within six months from said date, then this franchise to be void, otherwise to be in full force and effect for the time herein specified.

- (12) All materials and construction methods used within the public right-of-way shall conform to the applicable standards, specifications and special provisions currently in effect in Maricopa County.
- (13) The franchise holder shall obtain a construction permit from the office of the County Engineer prior to construction of any facilities in the public right-of-way.

DATED this 3rd day of December, 1984

Fred Kory Jr.  
Chairman, Board of Supervisors  
Maricopa County, Arizona

ATTEST:

Cherie Ellis  
Clerk, Board of Supervisors  
Maricopa County, Arizona

File

**SALMON, LEWIS & WELDON, P.L.C.**

Attorneys at Law

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Kristin D. Magin  
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Jason P. Alberts

*Writer's Direct Line*  
602-801-9062

November 10, 2004

*Of Counsel*  
Richard N. Morrison

*Writer's Internet Address*  
mbk@slwplc.com

Derald Ulmer  
c/o David G. Gulino  
Land Development Services, L.L.C.  
4413 North Saddlebag Trail, Suite 5  
Scottsdale, Arizona 85251

David G. Gulino  
Land Development Services, L.L.C.  
4413 North Saddlebag Trail, Suite 5  
Scottsdale, Arizona 85251

Re: Notice of Application for Extension of Certificate of  
Convenience and Necessity by Cave Creek Water Co

Gentlemen:

Cave Creek Water Co. ("CCWC") has filed with the Arizona Corporation Commission ("Commission") an application for authority to extend its Certificate of Convenience and Necessity to provide water service. Our records indicate that you are the sole property owner in the proposed extension area. If the Commission grants the application, CCWC would be the exclusive provider of water service to the proposed area. The Commission will require CCWC to provide this service under rates and charges and terms and conditions established by the Commission. The granting of the application would not necessarily prohibit an individual from providing service to themselves from individually owned facilities on their property. The application is available for inspection during regular business hours at the offices of the Commission in Phoenix at 1200 West Washington Street, and at CCWC, Post Office Box 448, Cave Creek, Arizona, 85327.

The Commission will hold a hearing on this matter. As the sole property owner, you are entitled to intervene in the proceeding. If you do not want to intervene, you may appear at the hearing and make a statement on your own behalf. You may contact the Commission at the address and telephone number listed below for the date and time of the hearing and for more information on intervention. You may not receive any further notice of the proceeding unless requested by you.

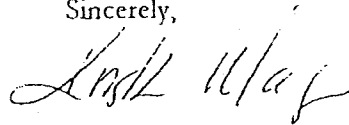
If you have any questions or concerns about this application or have any objections to its approval, or wish to make a statement in support of it, you may contact the Consumer Services



Mr. Derald Ulmer  
Mr. David G. Gulino  
November 10, 2004  
Page 2

Section of the Commission at 1200 West Washington Street, Phoenix, Arizona, 85007 or call 1-800-222-7000.

Sincerely,

A handwritten signature in cursive script, appearing to read "M. Byron Lewis".

M. Byron Lewis  
Kristin D. Magin

MBL/jpa

SALMON, LEWIS & WELDON, P.L.C.

Attorneys at Law

Riney B. Salmon II, P.C.  
John B. Weldon, Jr.  
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Facsimile 602-801-9070

M. Byron Lewis  
Stephen E. Crofton  
Mark A. McGinnis  
Karen S. Gaylord  
Kristin D. Magin  
Rebecca C. Goldberg  
Jason P. Alberts

*Writer's Direct Line*  
602-801-9062

April 15, 2005

*Of Counsel*  
Richard N. Morrison

*Writer's Internet Address*  
mbk@slwplc.com

Docket Control  
Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, Arizona 85007

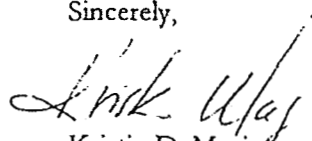
Re: Change of Ownership of Property Associated with Cave Creek Water Co.'s  
Application for an Extension of its Certificate of Convenience and Necessity  
("Application"); Docket No. W-01452A-05-0082

Dear Sir/Madam:

Cave Creek Water Co. ("Applicant") filed the Application with the Arizona Corporation Commission on February 9, 2005 requesting that the Commission extend Applicant's certificated area to include approximately 30.5 acres located Carefree, Arizona which is more particularly described in the Application (the "Property"). Recently, the Property was sold by BDG60, L.L.C. to Windy City Group, LLC (the "New Owner"). The New Owner has requested that Applicant continue to pursue the extension of Applicant's certificated area to include the Property as evidenced by the attached letter from the New Owner.

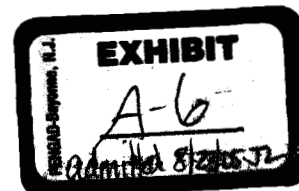
If you have any questions or require further documentation regarding this change of ownership, please do not hesitate to contact me at your earliest convenience.

Sincerely,

  
Kristin D. Magin

Enclosure

cc: Jim Fisher  
Cindy Liles  
Nick Partain  
Ray Heyman





Subject. Re. CC&N Extension

Cave Creek Water

I recently purchased approximately 30.5 acres in Care Free. The process for water has been initiated under Docket No. W-0145-05-0082. I would like the CCWC to continue with the application already filed. In consideration for inclusion in the CC&N, I will: (a) provide CCWC private easement no less than fifteen (15) feet wide to encompass all necessary water lines and appurtenances, and all booster sites, storage sites and well sites deemed necessary by CCWC to provide water service to the area, (b) pay all costs of the water-related facilities pursuant to a line extension agreement, (c) pay all applicable fees and charges approved by the Arizona Corporation Commission.

Respectively Submitted

*Nick Partain*

*April 13, 2005*

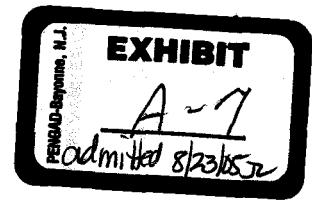
Nick Partain  
Principal  
Windy City Group, LLC  
7569 E Balao Dr  
Scottsdale, AZ 85262  
Office 480-488-4981  
Cell 480-212-2074  
Fax 480-575-6163

Salmon, Lewis & Weldon, P.L.C.

Attorneys at Law

2850 E. Camelback Road, Suite 200  
Phoenix, Arizona 85016  
Telephone 602-801-9060  
Facsimile 602-801-9070

*Writer's Direct Lines*  
602-801-9084 Telephone  
*Writer's Internet Address*  
*kdm@slwplc.com*



July 8, 2005

Docket Control Center  
Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, AZ 85007

Dear Sirs:

Attached please find an original and fifteen copies (two additional for the second docket number) of the Affidavit of Publication for Cave Creek Water Co.'s Application to Extend Certificate of Convenience and Necessity, Docket Nos. W-01452A-05-0082 and W-01452A-04-0810.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Kristin D. Magin".

Kristin D. Magin

KDM/jm

Enclosures

THE RECORD REPORTER

~ SINCE 1914 ~

1505 N CENTRAL AVE #200, PHOENIX, AZ 85004-1725  
Telephone (602) 417-9900 / Fax (602) 417-9910

KRISTIN MAGIN  
SALMON, LEWIS & WELDON, P.L.C.  
2850 E CAMELBACK RD #200  
PHOENIX, AZ - 85016

RR# 837756

PUBLIC NOTICE OF THE HEARING  
FOR CAVE CREEK WATER  
COMPANY FOR AN EXTENSION OF  
ITS CERTIFICATE OF  
CONVENIENCE AND NECESSITY  
(W-01452A-05-0082 AND W-01452A-  
04-0810)

On November 12, 2004 and on  
February 9, 2005, Cave Creek Water  
Company ("Applicant")  
filed applications for extensions of its  
CC&N to various parts of Maricopa  
County, Arizona.

The applications are available for  
inspection during regular business  
hours at the offices of the Commission  
in Phoenix, at 1200 West Washington  
Street, Phoenix, Arizona and at the  
Applicant's office, 22601 North 19th  
Avenue, Suite 210, Phoenix, Arizona  
85027.

The Commission will hold a hearing  
on this matter commencing on August  
23, 2005 at 9:30 a.m. at the  
Commission's offices, 1200 West  
Washington Street, Phoenix, Arizona.  
Public comments will be taken on the  
first day of the hearing.

The law provides for an open public  
hearing at which, under appropriate  
circumstances, interested parties may  
intervene. Intervention shall be  
permitted to any person entitled by  
law to intervene and having a direct  
and substantial interest in the matter.  
Persons desiring to intervene must file  
a written motion to intervene with the  
Commission, which motion should be  
sent to Applicant or its counsel and to  
all parties of record, and which, at the  
minimum, shall contain the following:

1. The name, address, and telephone  
number of the proposed intervenor  
and of any party upon whom service  
of documents is to be made if different  
than the intervenor.
2. A short statement of the proposed  
intervenor's interest in the proceeding  
(e.g., a customer of Applicant, a  
shareholder of Applicant, a  
competitor, etc.).
3. A statement certifying that a copy of  
the motion to intervene has been  
mailed to the Applicant or its counsel  
and to all parties of record in the case.

The granting of motions to intervene  
shall be governed by A.A.C. R14-3-  
105, except that all motions to  
intervene must be filed on or  
before July 29, 2005. The granting of  
intervention, among other things,  
entitles a party to present sworn  
evidence at hearing and to cross-  
examine other witnesses. However,  
failure to intervene will not preclude  
any customer from appearing at the  
hearing and making a statement on  
such customer's own behalf.

If you have any questions or concerns  
about this application or have any  
objections to its approval, or wish to  
make a statement in support of it, you  
may write the Consumer Services  
Section of the Commission at 1200  
West Washington Street, Phoenix,  
Arizona 85007 or call 1-800-222-7000  
or appear at the hearing and make  
comment.

The Commission does not  
discriminate on the basis of disability  
in admission to its public meetings.  
Persons with a disability may request

a reasonable accommodation such as  
a sign language interpreter, as well as  
request this document in an  
alternative format, by contacting Linda  
Hogan, ADA Coordinator, voice phone  
number 602/542-3931. E-mail  
lhogan@cc.state.az.us. Requests  
should be made as early as possible  
to allow time to arrange the  
accommodation.  
07/01/2005

RR-837756#

AFFIDAVIT OF PUBLICATION

Reference #:

Notice Type: MN - MISCELLANEOUS NOTICE

Ad Description: CAVE CREEK WATER COMPANY CERTIFICATE OF  
CONVENIENCE

I, Wendy Cooper, am authorized by the publisher as  
agent to make this affidavit. Under oath, I state that the following is true and  
correct.

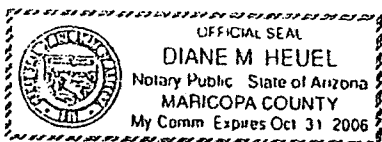
THE RECORD REPORTER is a newspaper of general circulation published  
Monday, Wednesday and Friday except legal holidays, in the County of  
Maricopa, State of Arizona. The copy hereto attached is a true copy of the  
advertisement as published on the following dates:

07/01/2005

Wendy Cooper

Subscribed and sworn to before me on the 1st day of July, 2005

Richard M. Heuel



1 BEFORE THE ARIZONA CORPORATION COMMISSION

2 COMMISSIONERS

3 JEFF HATCH-MILLER - CHAIRMAN

4 WILLIAM A. MUNDELL

5 MARC SPITZER

6 MIKE GLEASON

7 KRISTIN K. MAYES

2005 JUN 17 P 4: 35  
AZ CORP COMMISSION  
DOCUMENT CONTROL

8 IN THE MATTER OF THE APPLICATION OF )  
9 CAVE CREEK WATER COMPANY FOR )  
10 APPROVAL OF AN EXTENSION OF THEIR )  
11 CERTIFICATE OF CONVENIENCE AND )  
12 NECESSITY TO INCLUDE PARCEL NO. 216-29- )  
13 002A. )  
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DOCKET NO. W-01452A-05-0082

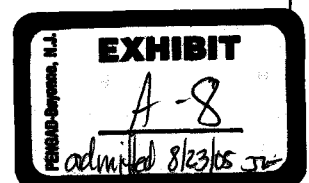
CAVE CREEK WATER  
COMPANY'S COMMENTS TO  
STAFF REPORT

11 Cave Creek Water Company ("CCWC"), through undersigned counsel, hereby submits the  
12 following comments to the Staff Report issued June 10, 2005. These comments are intended to  
13 clarify certain statements in the Staff Report or to identify issues in the Staff Report that require  
14 clarification.

15 1. The Staff Report indicates (at page 1) that CCWC serves the Town of Cave Creek.  
16 CCWC also provides service in the Town of Carefree and in unincorporated areas of Maricopa  
17 County. In addition CCWC supplies bulk treated water to the Carefree Water Company and the  
18 Desert Hills Water Company.

19 2. The Staff Report indicates (at page 2) that CCWC has 780,000,000 gallons of  
20 storage. CCWC's storage capacity is 660,000 gallons.

21 3. The Staff Report refers (at page 3) to a Maricopa County Environmental Services  
22 Department (MCESD) that indicated CCWC made upgrades to its water treatment plant without  
23 an MCESD Approval To Construct. The MCESD's inspection report identified the fact that both  
24 a chlorine alarm system and an in-line strainer were installed without an Approval to Construct  
25 from MCESD. CCWC believed that those upgrades were not part of the water treatment plant  
26 facility, but rather part of the supply system. CCWC is not in a position to remove those upgrades,  
27



1 obtain an Approval to Construct and then re-install the facilities. However, CCWC has supplied  
2 the necessary documentation to MCESD for approval. This action took place in February/March  
3 of 2005, and it is CCWC's understanding that the company is in substantial compliance with  
4 MCESD requirements (an MCESD Compliance Status Report is attached at A). As a related  
5 matter, the Executive Summary and the Report (at page 5) recommends that, as a condition of  
6 approval, CCWC file "MCDES [sic] documents that demonstrate full compliance." However, the  
7 Staff Report does not clearly identify what MCDES compliance documents fall within the  
8 condition. Although CCWC believes those documents most likely relate to the facilities upgrade  
9 discussed above, CCWC requests clarification.

10 4. The Staff Report discusses arsenic issues (at page 3). CCWC has an approved  
11 blending plan from MCESD. This plan will be amended and augmented with a combination of  
12 flocculation/filtration through pre-oxidation, pH adjustment, ferric chloride injection and filtration  
13 to remove arsenic in the well water. CCWC has performed some tests regarding the proposed  
14 system already and is developing the specific operational protocols to maintain optimum  
15 performance, and the emergency operations plan to be implemented in the event of a treatment  
16 system failure. Moreover, CCWC understands that MCESD will issue the Approval to Construct  
17 the arsenic treatment system, not ADEQ.

18 5. Finally, the Staff Report (at page 4) discusses a County Franchise. However, the  
19 extension area is within the Town of Carefree boundaries. CCWC will ensure that its existing  
20 Franchise/Operating Agreement with the Town of Carefree is modified as necessary.

21 RESPECTFULLY SUBMITTED this 17<sup>th</sup> day of June 2005.

22 ROSHKA HEYMAN & DEWULF, PLC

23  
24 By



25 Raymond S. Heyman  
26 Michael W. Patten  
27 One Arizona Center  
400 East Van Buren Street, Suite 800  
Phoenix, Arizona 85004  
Attorneys for Cave Creek Water Company

1 Original and 13 copies of the foregoing  
2 filed this 17<sup>th</sup> day of June 2005 with:

3 Docket Control  
4 Arizona Corporation Commission  
5 1200 West Washington Street  
6 Phoenix, Arizona 85007

7 Copy of the foregoing hand-delivered/mailed  
8 this 17<sup>th</sup> day of June 2005 to:

9 Chairman Jeff Hatch-Miller  
10 Arizona Corporation Commission  
11 1200 West Washington Street  
12 Phoenix, Arizona 85007

13 Commissioner Marc Spitzer  
14 Arizona Corporation Commission  
15 1200 West Washington Street  
16 Phoenix, Arizona 85007

17 Commissioner William A. Mundell  
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21 Commissioner Mike Gleason  
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25  
26  
27

By

*Mary Ippolito*

# ATTACHMENT

A





ENVIRONMENTAL SERVICES DEPARTMENT  
WATER AND WASTE MANAGEMENT DIVISION  
*DRINKING WATER PROGRAM*  
MEMORANDUM

PUBLIC WATER SYSTEM COMPLIANCE STATUS REPORT

TO: Michele L. Lorenzen  
Ryley Carlock & Applewhite

FROM: John Kolman R.S.  
Drinking Water Program Manager

DATE: 03/15/2005

SUBJECT: REQUEST FOR COMPLIANCE STATUS INFORMATION RECEIVED

COMPLIANCE STATUS INFORMATION HAS BEEN REQUESTED FOR THE FOLLOWING  
WATER COMPANY:

System Name: Cave Creek Water

PWSID#: 07016

Assigned Monitoring Dates - Initial: 1/1/94. Phase II: 1/1/94. Phase V: 1/1/94.

Does the water system have a Certified Operator? Yes

Does the system have major physical/plant (treatment) deficiencies? No  
Please describe: \_\_\_\_\_

Date of last inspection: September 3, 2003

Does the system have major O & M deficiencies? No  
Please describe: \_\_\_\_\_

Does the system have water quality monitoring/reporting deficiencies? No Please  
describe: \_\_\_\_\_

General Public Water System Compliance Status? Substantial Compliance

Number of Service Connections: 2050. Population Served: 7000. Type  
of System: Community. Number of POE's: L Surface Water: L

Date of compliance review: March 15, 2005. By: Duncan Wright Initials: \_\_\_\_\_.  
Phone: (602)506-5173

# SALMON, LEWIS & WELDON, P.L.C.

Attorneys at Law

2850 E. Camelback Road, Suite 200  
Phoenix, Arizona 85016  
Telephone 602-801-9060  
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(602) 801-9084  
Writer's Internet Address  
kdm@slwplc.com

August 11, 2005

Linda Jaress  
Arizona Corporation Commission  
1200 West Washington  
Phoenix, Arizona 85007

Re: Staff Report for Cave Creek Water Co. ("CCWC") Application for  
an Extension of its Certificate of Convenience and Necessity for Water  
Services; Docket No. W-01452A-04-0810

Dear Ms. Jaress:

The Staff Report for the above referenced Application contains an error regarding the number of residential customers expected from the extension. The Staff Report states that nine (9) residential customers are expected from the extension, however, the correct number of new customers is five (5).

The Staff Report also contains condition #4, which states as a compliance item, that CCWC must file a copy of the developer's Certificate of Assured Water Supply ("CAWS") where applicable or when required by statute. It does not appear that this compliance item will apply in this instance, as a CAWS is not required under state law. A.R.S. § 45-576 requires that a person who proposes to offer subdivided lands, as defined in A.R.S. § 32-2101, for sale in an active management area, apply for and obtain a CAWS from the Arizona Department of Water Resources. In turn, "subdivided lands" is defined in A.R.S. § 32-2101(59) as land divided into six (6) or more lots. Because the development contemplated by the above referenced Application contains only 5 lots, the developer will not be required to apply for or obtain a CAWS for the property.

Thank you for your attention and any assistance you may offer regarding this matter. Please contact me with any comments or questions regarding the foregoing.

Sincerely,

Kristin Magin

cc: Tom Rief  
Graham Symmonds  
Jay George  
Ray Heyman, Esq.

